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angrily to Monday's day of action in Northern Ireland and the mounting evidence of passivity by Ulster po-lice and Unionist politicans towards loyalist infimidation to stop people

going to work Northern Ireland Secretary Tom King firmly ruled out any possibility of suspending the Anglo-Irish agreement, which gives Dublin a say in the affairs of the province. building for a tougher crackdown on loyalist rebels, with a heavy ar-my presence in future demonstra-tions. Page 24

Howe appeal

Sir Geoffrey Howe, the British Foreign Secretary, appealed for great-er efforts on the part of European companies to co-operate with each other, in spite of their frequent preference for seeking partners outside Europe. Page 6

Caracas fire inquiry

Venezuela's President Jaime Lusinchi ordered an inquiry into the fire that gutted the Chilean embassy in Caracas, killing the ambassador and at least 14 other people.

Waldheim denial

Former UN Secretary General Kurt Waldheim denied a New York Times report that in an interview he had admitted having belonged to tom Nazi groups.

Police criticised

Swedish police faced criticism for their alleged mishandling of the manhunt for the murderer of Prime Minister Olof Palme, Page 2

Manila seizure The Philippine Government or

dered the seizure of all domestic property and bank accounts of deed President Ferdinand Marcos and began inquiries into his holdings in Britain, the US, the Bahamas and Switzerland. Page 3

かない 京都県 11月7日第2日 Iragi bombing raid

Iraq said its jets killed 12 civilians and wounded 72 when they bombed Iranian areas behind the southern ಚಿತ್ರ ಚಿತ್ರಕ್ಕೆ ಚಿತ್ರಗಳು Gulf war front

Libyan threat

Libya said it would set up suicide squads to respond to any anti-Liby-an "aggression" by the US or Israel.

Israel accused

Suria accused Israel of arresting 45 Syrian Arabs on the occupied Golan Heights as part of a plan to expel the inhabitants. It has reserved the right to request a meeting of the UN

Minister attacked

Dutch Agriculture Minister Gerrit Braks was showered with grain thrown by protesting farmers when he arrived to speak at a rally in the northern Dutch town of Hoogeveen.

Unita pledge

Angola's Unità rebels said 150 foreign workers captured in a diamond mining town would be marched south to Unita bases and freed.

Tanker blaze kills 3

At least three crew members died aboard a blazing Greek tanker off the coast of northern Spain.

Yacht returned

France has returned a protest yacht to Greenpeace, the environmental group. It was seized during anti-nuclear demonstrations in the South Pacific last year.

UK expels envoys

Britain expelled 25 foreign diplomats from a wide range of countries for criminal offences in 1985.

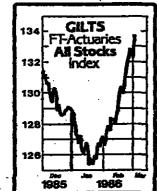
Mexico reduces by Ulster borrowing estimate

Business summary

MEXICO'S Finance Minister Jesús Silva Herzog has scaled down the country's new financial require-ments for this year to about \$8bm from estimates that have been as high as \$10bn. However, he is still pressing international creditors for interest relief on Mexico's \$97bn foreign debt. Page 24

BANKAMERICA, troubled West say in the affairs of the province.

Ministers are assessing the handling of the strike and pressure is building for a toucher province. nounced a management reshufile.



GOLD fell \$1.25 an ounce in the London bullion market to close at \$337.25. It rose in Zurich to \$337.25 (\$336.50). In New York, the Comex April settlement was \$346. Page 38

DOLLAR fell in London to DM 2.1990 (DM 2.2195), SFr 1.8710 (SFr 1.8775), FFr 6.7675 (FFr 8.8325) and Y178.95 (Y179.55). The dollar's exchange-rate index fell from 117.6 to 116.9. Page 39

STERLING rose 2.15 cents against the dollar to close at \$1.4635. It also rose to DM 3.2175 (DM 3.20), SFr 2.7375 (SFr 2.7075) FFr 9.9050 (FFr 9.8525) and Y2620 (Y259.0). The pound's exchange-rate index rose to 73.3 from 72.5. Page 39

WALL STREET: The Dow Jones industrial average closed 10.37 up at as the Bundesbank has put increas-1,686.30. Page 46

LONDON equities and government securities surged ahead on institutional buying and the exchange rate. The FT Ordinary index jumped 14.8 to 1.281.3 – just below its record - and the FT-SE 100 index added 14 points to 1,548.9.

TOKYO reached a fresh peak on smaller volume as the Nikkei mar-ket average firmed 26.66 to 13,784.29. Page 46

AUSTRALIA has agreed to contribute its share in bailing out the In-ternational Tin Council. Page 38 JAPANESE securities houses Daiwa, Yamaichi and Nikko applied to join the London Stock Exchange, but negotiations might take months because of political obstacles.

BOYAL BANK OF CANADA, the country's largest chartered bank, had higher profits in the first quarter of fiscal 1986 and said it could withstand the impact of lower oil prices on its large energy loan portfolio. Page 25

NUOVO BANCO AMBROSIANO, successor bank to the late Robert Calvi's Banco Ambrosiano, reported a L23.4bn (\$15.6m) net profit for 1985. The results are not comparable with previous figures, partly because of the bank's merger with its La Centrale financial subsidiary. Page 25

CRA, Rio Tinto-Zine's Australian mining arm, boosted 1985 earnings before extraordinary items to AS87.8m (US\$61.4m) from A\$29.5m in 1984. Page 27

BREMER VULKAN, West German shipyard, plans to raise DM 145m (\$65m) through a three-for-four rights issue. Page 25

DIAMOND SHAMROCK, Dallasbased energy group hit by the de-cline in world oil prices, announced a shake-up of its top management and the planned sale of its two biggest and most profitable businesses, coal and chemical operations. Page 25

Botha pledges end to state of emergency

PRESIDENT P. W. Botha of South gency originally declared last July would be lifted "probably next Frilegislation would be introduced this hannesburg and Reginald Dale in

Washington.
Mr Botha also offered to implement the UN settlement plan for Namibia (South West Africa) from August 1 this year. But he repeated South Africa's insistence that there first should be agreement on the withdrawal of some 30,000 Cuban troops in neighbouring Angola before the plan, which envisaged UNsupervised independence elections, could be put into effect.

Under the state of emergency. Africa announced in Parliament nearly 7,800 people have been arvesterday that the state of emer-rested, of whom just over 200 are still in dentention, according to Mr Louis le Grange, the Minister for day." But he made clear that Law and Order Lawyers commentamendments to existing security ed last night, however, that the lifting of the emergency measures still session to provide the authorities left the police with extensive powwith statutory powers required to ers of arrest and detention under protect lives and property effective. South Africa's draconian security ly," write Anthony Robinson in Jotended even further, according to Mr Botha's statement vesterday.

Nevertheless, one result should be the lifting of extensive curbs on coverage of the unrest by the media especially television which were introduced last November. In Washington, the Reagan Administration welcomed Mr Botha's offer of a timetable for implementing Namibian independence and

interest rate cuts

Gati &

BY JONATHAN CARR IN FRANKFURT

THE WEST German Bundesbank

looks set to decide tomorrow on a

cut in its key discount rate - action

that might pave the way for similar

reductions in other countries, espe-

The most likely size of the cut is

thought to be half a percentage point, taking the discount rate

down to 3.5 per cent, although some bankers believe a 1-point reduction

It is not clear whether the Lom-

bard rate, which is charged for tem-

porary injections of liquidity to the banks, may also be reduced. The

Bundesbank cut both rates by half

a percentage point last August, tak-

ing the discount rate to 4 per cent and Lombard to 5.5 per cent.

In a strict sense, the discount rate has assumed less importance on

West Germany's financial markets

ing emphasis on more sophisticated

for the second reduction this year in Japan's official interest rates.

The Bundesbank has reasons of

both domestic and international

policy for cutting discount rate

again. At home, inflation has

Internationally, it is recognised

that the US could hardly cut its key

interest rates without spurring a

remains above 2m.

might be possible.

Less than a month before the planned expiry of South Africa's standstill on debt repayments several creditors are haggling over the interim deal due to follow it and there are fears that the deadline might have to be ex-

gotiations for a settlement. The White House announced that Mr Frank Wisner, Deputy Assistant Secretary for African affairs, would leave immediately for southern Africa to consult governments in the region on pursuing Mr Botha's

Mr Larry Speakes, the White House spokesman, also welcomed Mr Botha's announcement that the state of emergency in South Africa would soon be lifted, a move that

routine borrowing and repayment

transactions, the underlying rise was \$112m, which followed an in-

Officials insisted that there had

been no special factor for the in-

crease comparable to the European

Community rebate, which boosted

the reserves in January. That suggests that the Bank of England may

have taken advantage of a rebound

part of the month to buy small

move in UK interest rates.

On the London foreign-exchange

Page 44

markets.

elsewhere.

crease of \$132m in January.

be possible to begin negotiations with credible black leaders leading to meaningful reform and a reduction in violence."

Mr Botha's announcement was made against a background of continuing unrest in black townships, which has caused over 1,100 deaths in the past two years. It was preceded two hours earlier by a bomb explosion at the John Vorster Square police station in central Johannesburg, which injured two

Mr Botha recognised that what he called "sporadic and isolated incident of violence" were still occurring but added that the situation had nevertheless "improved sufficiently" to lift the state of emergency.

The decision was immediately called for rapid moves to advance Washington has long urged. It welcomed by the Federated Chamthe long-running US-sponsored ne-would be one step towards creating ber of Commerce as a step which

would normalise South Africa's international relations and boost for eign and domestic confidence." Several South African borrowers,

including the electricity supply corporation Escom, will be visiting creditors and suppliers in Europe and the US in coming weeks to try to assess the climate for future borrowing. Removal of the state of emergency complies with one of the demands made by foreign bankers and others to normalise the situation in South Africa.

Mr Botha's statement on Namibia follows months of "shuttle diplomacy" by Mr Chester Crocker, the US Assistant Secretary of State for African affairs, which has involved the US, Angola, South Afri-ca, Zaire and other front-line states, and parallel diplomatic contacts between Washington and Moscow.

Continued on Page 24

Bundesbank decision London SE curbs defensive tactics may lead to wider in takeover bids

BY MARTIN DICKSON IN LONDON

yesterday clamped down on con- kets business.

The move complements a series of measures announced by the tillers on behalf of Guinness. Bank of England on Friday to curb particularly in buying large blocks of shares in target companies on be-

half of clients. The Stock Exchange announced yesterday that, with immediate efin sterling's value during the early amounts of foreign currency on the fect, a company must get prior approval from shareholders if, not in The pound, however, has fallen the ordinary course of business, it sharply over the past week, recoupagrees to accept liability for costs, ing only some of those losses yes-terday. That, and the prospect that evnenses, commissions or losses by third parties where the liability was the markets might remain nervous equal to, or in excess of, 25 per cent ahead of the meeting of the Opec, of its average audited net profits for which will coincideng with the the past three years. Net profit is defined as profits af-

March 18 budget, will reinforce the authorities' caution over any early ter deducting all charges except tax and excluding extraordinary items. Unlimited liability is also subject to The budget itself is now widely expected to be virtually neutral in shareholders' approval. The ruling is not retrospective, terms of the Government's overall fiscal stance, with the bulk of any

which means that it will not affect the two current takeover battles ened on foreign-exchange markets. reductions in income tax being offset by revenueraising measures which have focused attention on the These are the battles for Imperial

Group, the brewing, tobacco and foods company, which has agreed to market, the dollar closed at its lowest level since November 1981, falla £2.4bn (\$3.4bn) bid from United ing 2.05 plennigs to DM 2.1990 Biscuits but faces a rival offer of a disclosed shareholders' funds of US rates fall, Page 4; Editorial comment, Page 22; Pressure on Bundesbank, Page 28; Currencies, Page 39; Stock markets, similar amount from Hanson Trust; £174m. and that for Distillers, the spirits group, which has agreed to a £2.4bn bid from Guinness, but faces a hos-

THE LONDON Stock Exchange tile one from Argyll, the supermar-

troversial new share-buying tech-niques and "poison pill" defensive ularly controversial issues. Morgan tactics which have emerged in the Grenfell has spent some £360m current spate of major takeover buying shares in Imperial on behalf battles.

buying shares in Imperial on behalf of its client United Biscuits and some £180m buying shares in Dis-

Distillers has agreed to accept the growing direct involvement of merchant banks in takeover bids, most of Guinness's costs in launch-ing its bid, which will total £38.7m ing its bid, which will total £38.7m by the end of this month and could rise as high as £80m. If Argyll won, Distillers would still have to meet the costs. The agreement has been widely attacked as the first major example in Britain of US style "poi-

son pill" defensive tactics. United has an agreement to indemnify Morgan for any losses on its share buying, while Guiness has a similar agreement covering part of the purchases.

Hanson Trust complained last month that the United deal broke a stock exchange rule that a company could not spend more than 25 per cent of net worth on an investment without consulting shareholders, since United's last declared net worth was only £410m.

sponse was that in demnity agreements were not covered by the ex-

isting rule. Yesterday's announcement plugs that gap. The £470m of purchases by Morgan compare with the bank's last

Continued on Page 24 Nomura joins London Stock

defection of bond traders Euromarkets Correspondent, in London A TOTAL of 13 Eurobond sales and

trading staff tendered their resignations at the London merchant banking arm of Chase Manhattan yesterday in what is believed to be the largest mass defection the market has vet seen.

Chase said it had accepted the resignations of Mr Michael Bowen, head of international capital markets, and Mr John Salmon, head of trading. They are leaving to join Kleinwort Benson, the UK merchant bank

A Chase spokesman said the bank had told 10 of the other staff involved it would not stand in the way of their leaving. One employee withdrew his resignation late in the

evening.
Non the less, the exodus still stands to be larger than that suffered by Credit Suisse First Boston when 10 staff left to join Merrill Lynch in January 1984.

One of those leaving Chase yes terday had joined the bank only on Monday.

The departures make a significant dent in Chase's Eurobond trading team and are bound to fuel the controversy in London over the way in which banks should approach recruitment at a time of general shortage of qualified personnel.

The Bank of England is known to frown upon the recruitment by one bank of whole teams of personnel from another. It regards such an approach as leading to inconsistency in management and as liable to fue the rapid spiral in salaries, now becoming a political issue in the runup to the so-called "Big Bang."

Yet many bankers argue that without the freedom to recruit expert staff in today's highly sophisticated markets, they risk over reaching their capabilities and eventually being driven out of the business altogether.

Kleinwort Benson said it had no official comment yesterday. Bankers said its appointment of Mr Bowen and Mr Salmon appears to presage a new thrust into Eurobond sales and trading. They are expected to bring at least some of the oth-

Kleinwort is already noted for its expertise in the debt swap market and has extensive US government bond trading and futures opera-

Mr Ron Reading, Chase's London director of securities trading, said last night: "It's clearly regrettable but we have a very strong commitment to this business." He said the trading team would be rebuilt

Rivals vie to bid for BL units

the Japanese make reductions first.

Philip Stephens, Economics Correspondent, in London, writes: The UK Treasury announced yesterday

that Britain's gold and foreign-

pound's value as the dollar weak-

The US currency was depressed

by an unexpected 0.6 per cent de-

cline in the US index of leading in-

dicators, which led to further falls

that both Japan and West Germany

might move soon to cut their official

The UK Treasury said the re-

BY KENNETH GOODING AND JOHN GRIFFITHS IN LONDON ONLY FOUR major contenders for when it told Ford to end the talks own

pen-market operations. A reduc- currency reserves rose in February

tion, however, would still have a for the second consecutive month.

significant psychological impact The news confounded expectations

and perhaps provide the impetus and reinforced a recovery in the

dropped to less than 1 per cent at in interest rates on Wall Street. an annual rate but unemployment That in turn fuelled the speculation

further decline in the dollar - serves rose by \$250m last month to

unless the Germans and perhaps stand at \$15.8bn. After allowing for

discount rates.

as the British Government's midnight deadline for intentions to bid

General Motors was the sole prospective buyer of Leyland Trucks. Rival submissions for Land Rover have been presented by GM; a management buy-out group led by Land Rover-Leyland chairman Mr David Andrews; Mr Tiny Rowland's Lonrho group; and Aveling Barford, the privately-owned dumptrucks

Mr Peter Morrison, the Industry Minister, yesterday refused to ex-tend the deadline to allow the West Midlands Enterprise Board and Lancashire Enterprises to put in a declaration of interest in sponsoring a management buy-out of all or part of Land Rover-Leyland. But he

> The moves came as in Geneva. Mr Bob Lutz, chairman of Ford of Europe, said Ford was willing to restart talks about a possible takeover of Austin Rover, BL's volume cars subsidiary. He said the UK following a takeover. Government had panicked recently

parts of BL's commercial vehicles and that the decision might eventu- through Schroder Ventures and operations had emerged last night ally cost many jobs among UK com- backed by "four of the leading fiponent suppliers.

ing privately that they had been two years' time." given inadequate information to Mr Andrews expressed concern formulate their proposals, and deat the implications of a sale to GM, nied access to Land Rover's preminsisting that "all the decision-mak

the precise structure of its propos-als last night, but Mr Paul Spicer, a Lonrho director, said that Lonrho's Lonrho director, said that Lonrho's world-wide vehicle distribution and from Austin Rover, services from assembly operations would give BL Technology and software from Land Rover a bright commercial future. There are all sorts of possible
formulae; you can do anything with Land Rover." Aveling Barford, bought from BL

asked Hill Samuel, merchant bank an Eschallier in 1983 - and now said advisers to BL "to be as helpful as to be making substantial profits possible" in considering their ap- has put in a cash offer of an undisclosed amount for Land Rover. It has come up with an added sweetener in the form of a proposal to pay a royalty on vehicle sales to the UK Government, BL's majority shareholder, in the first three years Meanwhile, Mr Andrews said his

nancial institutions," provided for As Lonrho and Aveling Barford employees to have an equity stake prepared to put their submissions in the company and envisaged a to Hill Samuel, both were protest- stock market flotation "in one to

ing should be kept in Britain."

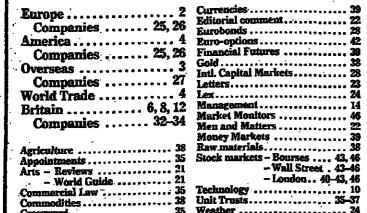
. In Geneva, Mr Lutz, saying that

change in the climate of opinion in the UK which had produced a wave of "mindless nationalism," said time was running out for forging any links with Austin Rover. He estimated that within six months Austin Rover would be linked inextri cably with Honda of Japan. Austin Rover was in the process of taking decisions about model replace-Continued on Page 24

One of his concerns, he said, was

there would have to be a major

Follow Leader and Bootch Whish ARTHUR BELL & SONS PIC., ESTABLISHED 1825



Editorial comment: curren- South Australia:

US: trade deficit looms over West Germany: why industry Daihatsu: setting sights on Singapore: in search of Europe 4 economic solutions 23 Technology: military ideas Lex: Fisons; NatWest; Unifor civilian use 10 lever; property unitisation 24 Management: airline prey to Seat: Volkswagen brings US deregulation 14 relief supplies 24 cies; nuclear power 22 Survey 17-20

W. German

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slightly

at 10.4%

UNEMPLOYMENT ROSE only

fractionally in West Germany last month to stand at 2.593m,

or 2,700 more than at the end

of January, according to figures yesterday from the Federal Labour Office in Nuremberg, Rupert Cornwell reports from Bonn.

The 10.4 per cent unemploy-

ment rate is the second highest ever recorded for a February,

exceeded only by the 10.5 per cent rate in February, 1985.

Short-time workers were 294,500

in February, while the number of notified vacancies rose by 15,000 to 137.094. the Office

Signs of progress emerge as Geneva arms talks adjourn

ended their current seven-week man, the chief US negotiator, round of negotiations on that "we have both committed nuclear arms control in Geneva ourselves to the negotiation of in a much more optimistic a separate agreement on INF atmosphere than seemed pos- (intermediate-range sible before last October's forces)" appeared to the state of sible before last October's forces)" appeared to offer a dim summit meeting between Presi-light at the end of what has dent Ronald Reagan and Mr long seemed an endless tunnel. Mikhail Gorbachev, the Soviet

Aithough Mr Viktor Karpov, the chief Soviet negotiator still Soviet US was being unco-operative we introduced a lot of pro- the signs of some progress have at last appeared.

THE US and the Soviet Union yesterday by Mr Max Kampel- Gorbachev indicated that he that all US and Soviet medium- behalf and that it was up to decided to modify its original arsenal

When opened in March 1985 after a 15-month interval following a walk-out, they were complained yesterday that the divided into three categories: space-based weavons, covering the US Strategic Defence posals here and we regret there initiative (SDI), long-range was no positive response by the strategic missiles and inter-American side"—the first mediate-range nuclear forces.

tried to impose a linkage between the abandonment by the US of the SDI and progress sides remains considerable as the US of the SDI and progress recently has been almost always argued, with full mouth recess. But the statement However, last October, Mr Moscow proposed in January could not page 15.

categories of weapons.

reduction and eventual elimination of medium-range weapons. countries.

Though Mr Gorbachev's threefirst five- to eight-year phase, allies. the emphasis in the negotiations Brita

At the same time, Britain and Since then, both sides have France would be asked to re-exploited the opening which nounce the modernisation of has appeared in the complicated their own nuclear deterrents arms control maze by present-ing specific and well-publicised undertaking not to transfer undertaking not to transfer any proposals for the progressive new strategic or medium-range nuclear weapons to other

Both the Soviet intention to phase plan for the complete elimination of nuclear weapons and the demand that the British by the year 2000 also includes and French nuclear forces nediate-range nuclear forces. a 50 per cent reduction in Soviet should be frozen, proved un-The Soviet Union at first and US strategic weapons in the acceptable to the US and its

was prepared to negotiate an range weapons in Europe should the two superpowers to agree interim agreement on medium- be eliminated, but that the on a reduction if not eliminarange nuclear weapons without medium-range Soviet SS-20s in tion, of their own nuclear any linkage to the other Asia should remain untouched, weapons before others could be asked to join the negotiations. Moreover, there was no way in which British and French strategic weapons could be brought into an equation which dealt entirely with mediumrange weapons, such as Pershing, cruise and SS-20 missiles, London and Paris maintained.

> Other objections — from Japan, Australia and China about the potential threat of Soviet SS-20 missiles based in Asia to their security, helped to shape the US counterproposal, made at the end of last month.

Following extensive consultations with its allies, the US

missiles in Europe should be eliminated — more or less in line with the Soviet proposal while Soviet Asian-based SS-20s should be reduced by only 50 per cent.

Instead, Washington proposed a three-stage plan under which US and Soviet medium-range weapons in Europe would be reduced in the first year to 140 launchers each, with pro-portionate cuts in Soviet Asianbased missiles. In the second year of this scenario, the number of launchers would be halved again and would be eliminated altogether in the third year.

The far-reaching nature of both the Soviet and US proposals can be judged by the

STOCKHOLM POLICE said

yesterday they believe that the

man who murdered Mr Olof Palme, the Swedish Prime

Minister, was a professional killer. Mr Hans Holmer, the Stockholm police chief, also

revealed that more than one person was involved in the

The killed was seen by a taxi

driver stepping into a waiting

get-away car only a few blocks from where Mr Palme was

murdered. According to this

witness, who has only come forward later in the investiga-

tion, a police officer was close behind the killer, but the car

was already moving when he

Police believe that

professional killer

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

murdered Palme

plan that all medium-range nuclear weapons at present deployed or planned. The Soviet Union is estimated by Western experts to have 441 SS-20 missiles, of which about 240 are in the European part of the Soviet Union and 170 in Asia, with the rest stockpiled.

The US has 108 Pershing-2 missiles plus cruise missiles which will eventually reach 464, making a grand total of 572.

Quite apart from their differences over medium-range missiles, the deadlock is still complete over strategic weapons and the SDI, as well as on lar Gorbachev's demand that the US should agree to a nuclear test ban. But Mr Kempelman's closing statement indicates the kind of progress on which arms negotiators can build.

Mr Holmer admitted yester-

day that the police are facing a protracted investigation. "In my opinion we are dealing with

a professional killer . . . I think this case is a very tough one;

it will take time to solve it. We have a tough time ahead of us."

hunt, but the Swedish police is also in direct contract with

the police authorities in severa

West European countries and

on professional contract killers.

Much of the criticism of

police conduct has concerned information about the two bul-

lets, both of which were found

at the murder site by civilians.

that the bullets were highly un-

usual. Yesterday it became clear that they can be bought at Swedish gunshops.

hight metal or a bullet-proof vest. They could be fired by a Smith and Wesson or a Colt revolver, one of the most powerful handguns available.

Many of the world's leaders are expected to attend Mr

Palme's funeral on Saturday

Interpol is involved in the

Italian air routes

Italy has partially deregulated short-haul airline traffic on short-haul airline traffic on domestic and some international routes, Transport Minister Claudio Signorile said yesterday, AP reports from Rome. Regional airlines operating aircraft with up to 70 seats will be allowed to fly between secondary Italian cities and on cross-border routes to other EEC countries. EEC countries.

Rome gang trial

Fifty-nine people alleged to be members of a group known as the "Clockwork Orange gang" because of its methods of brutality went on trial yesterday kidnapping in northern Italy, Reuter reports from Rome.

Danish wine taxes

in the US. US police have offered help both with tracing the origin of the bullets that killed Mr Palme and injured The European Court of Justice yesterday found Denmark guilty of breaking EEC trade laws by fixing taxes on nationally-made his wife and with information fruit wines and liqueurs more than a third lower than the tax on imported grape-based wines and spirits, Reuter reports from Luxembourg. The court ordered Denmark to hand out equal tax treatment to domestic products Stockholm police first claimed and EEC imports.

Cyprus airport

A controversial new airport in Mr Holmer was unable to explain why the police ballistics laboratory had not been called in to help the investigation. The bullets are copper-tipped of a type 357 magnum metalpiercing. abless to penetrate Turkish Cypriot northern Cyprus will open on Friday, Prime Minister Dervis Eroglu. said yesterday, Reuter reports from Nicosla. Turkey has met the \$10m cost and Turkish Cypriot leader Rauf Denktash has said that it could be used by Turkish armed forces

Dutch army leave

Almost half of the Dutch army, which totals 65,000, is to remain at home on the last Friday of each month as part of a Government campaign to cut working hours for all public employees, AP reports from The Hague.

New Interior Minister Veteran Dutch politician Mr Hans Wiegel was yesterday named as the successor to Mr Koos Rietkerk, Minister of Interior, who died suddenly in office 12 days ago, AP reports

from The Hague. Mr Weigel, 44, is a member of the right-wing

Russian vanishes

Liberal Party

The Russian-language editor of The Russian-language editor of Radio Liberty, the US-financed radio station, took his valuable stamp collection but no money before he vanished a week ago, police told AP in Munich. Ar Oleg Tumanov (41), a Soviet emigre who has worked for the station for 20 years, called in sick last Tuesday and has not been seen since.

Gibraltar airport talks Spanish and British officials yesterday began a fresh round yesterday began a fresh round of talks on the joint use of Gibraltar airport in the British colony, Reuter reports from Gibraltar. The talks follow Spain's decision last year to open its border with Gibraltar after a 16-year blockade.

FINANCIAL TIMES Published by The Financial Times, (Europe) Ltd., Frankfurt Branch, represented by E. Bugo, Frankfurt' Main, sud, as members of the Board of Directors, F. Barkow, RAF McClan E. T. S. T. McCland Board of Directors, F. Barkers, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societies-pruckere-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1988. FINANCIAL TIMES, USPS No.

190640, published delly except Sun-days and holidays. U.S. subscription rates 5365.00 per. annum. Second class postage paid at New York, N.Y. and at additional mailing of-fices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y.

is proposing to publish a Survey on HERTFORDSHIRE Thursday March 27 1986 For further details.

The Financial Times

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Moscow shelves river diversion schemes

BY PATRICK COCKBURN IN MOSCOW

ing into the Arctic seas and use it in the south of the country to irrigate dry lands, according Soviet republics in Central to a senior planning official.

Asia depend heavily on irrigaof the state planning organisa-tion, Gospian, said yesterday that the water level of the Caspian Sea was no longer fall-country was mentic ing and therefore the so-called Northern Rivers Scheme would

The vast projects have been the subject of continuous debate in the Soviet Union over the past three years. Senior officials and academics have attacked them as expensive, not cost effective and a danger to the environment.

from the Irtysh river in Siberla by canal to the plains of Uzbeki-

trade status

By Leslie Colitt in Bucharest

ROMANIA IS becoming increas-

ingly worried about US criticism of its human rights

policies and threats to cut off

most favoured nation (MFN)

angrily to recent remarks by Mr Mark Palmer, US deputy

assistant secretary of state for

European affairs, who said that Romania had a "repressive

regime" which did not share

US principles on human rights.

Mr Palmer was speaking to a

Senate foreign relations sub-

committee hearing on legisla-tion to suspend Romania's

MFN status for six months. This would be a serious blow to

Bucharest's balance of trade

which last year had a surplus

The Romanian official, who did not want to be identified.

asked how Bucharest could

depend on trade with a country which placed a "Sword of

which placed a "Sword of Damocles" over its head every

in 1975, was linked with an agreement to allow Romanian

Jews to emigrate to Israel and

before the arrangement is renewed.

Less than 50,000 Jews remain in Romania; most of those are elderly and wish to stay.

have pointed to alleged violations of human rights in Romania and have pressed for

Mr Palmer told the Senate sur-committee that it should be

greater degree of economic in-

US diplomats here largely

of \$900m with the US.

A senior official here reacted

Romania

fears for

THE SOVIET UNION has favour last year and was not shelved two big projects to mentioned in the five-year plan, divert water from rivers empty- despite years of lobbying by ing into the Arctic seas and use Central Asian political leaders. It in the south of the country Uzbekistan and the four other o a senior planning official. Asia depend heavily on irriga-Mr Leonard Vid, deputy chief tion but local water sources are

The Northern Rivers project country was mentioned in the draft five-year plan but has now been shelved, according to Mr Vid. The aim was to divert water from the Onega and Dvina rivers into the Volga which flows into the Caspian.

Mr Vid said that the level of the Caspian fell between 1940 and 1977 because of irri-gation. It was at this time that Northern Rivers Scheme were

dimension to the controversy

the plants as " a noose around public consultation

reduce economic imbalances in field, this is the first time they

and between the main in have adopted a joint "frame-dustrial countries, to resist pro-work" position as the basis of tectionism, to tackle the debt international negotiations, acproblem and improve the func-cording to Mr Palle Simonsen,

over the future of nuclear

NORDIC FINANCE ministers

tioning of the international

year.

The joint position is intended Kjell-Olof Feldt said: "Interto enhance Nordic influence at national co-operation is necesstatus first granted to Romania important international meet-

ings in coming weeks, including that of the IMF Interim Com-

mittee, the OECD's ministerial

monetary system.

the US. An annual review is council and the World Bank

conducted by the US Congress Development Committee.

energy in the country.



' had Postponement expected ever since the project

Belgrade urged to drop N-plans

A CALL to cancel Yugoslavia's exchange and of the health risk programme in general and of the country's planned second four 1,000 mW nuclear power before the decision, stations has added a political however. Mrs Milka Planinc, the chosen site for this is Previous.

At last week's meeting of the oil and gas reserves, could not rebuffed an attempt to place oil and gas reserves, could not rebuffed an attempt to place the 1,000 Mw reactor there.

Dr Dragisa Ivanovic, a without greater resort to vigoslavia at present nuclear power. She promised, and the central committee operates a Westinghouse-built anti-nuclear lobby, called for the tender to be cancelled. He resolved, that there would be described the decision to build the widest possible expert and after construction delays, cost the sidest possible expert and attempt to place the 1,000 Mw reactor there.

Yugoslavia at present operates a Westinghouse-built expert and after construction delays, cost the sidest possible expert and attempt to place the 1,000 Mw reactor there.

After construction delays, cost the vice of the country.

Yugoslavia's neck," in terms of both the cost in scarce foreign further delay of the nuclear fraction of Yugoslav electricity.

Nordic economic stance agreed

vesterday adopted a joint state- tries have a long tradition of ments. They suggested a proment calling for measures to co-operation in the economic cedure by which violent

Denmark's Finance Minister.
The Swedish minister. Mr

lems than we already have and to utilise the opportunities

Prime Minister, said expert in central Croatia, after opinion held that Yugoslavia, inhabitants of one of the with only modest indigenous Adriatic islands successfully

Although the Nordic coun- duce exchange rate misalign-

The ministers welcomed the to accept greater responsibility Group of Five initiative to re- in relation to debt problems.

be much better spent on soil improvement schemes in traditional farming areas.

Mr Mikhail Gorbachev, the Soviet leader and former party secretary in charge of agricul-ture, has in any case shown little enthusiasm for grandiose irrigation or other projects. In sharp contrast to two of his predecessors, Mr Leonid Brezhnev and Mr Konstantin Coernenko, he has emphasised heavy investment in raising the quality of agricultural inputs.

Mr Vid and the other senior Soviet economic officials emphasised that the new five-year plan (1988-90) emphasised quality production above all. Higher prices will be charged was attacked strongly in the Higher prices will be charged Communist party daily newsfor better quality goods for paper, Pravda, last month by which there is demand, accord-

overruns, and initial operating

which violent

rate movements

should trigger automatic consul-tations on the need for policy

adjustments a proposal which

they linked with further explo-ration of the idea of "target

zones" for the major currencies.

problem, the ministers called

for a strengthening of the re-sources of the multinational in-

stitutions, such as the IMF, and appealed for creditor countries

to accept greater responsibility

On the international debt

Mr Abel Agenbegyan and other ing to Mr Valentin Paviov, the senior academics. They said Deputy Finance Minister, but that the money required would prices as a whole will not be

changed.

He said that bank credit would be used more freely than now to fund projects but that it would be granted only to schemes which kept to their construction schedules. In the past, economists have said that the easy availability of cheap credit has encouraged enter-prises to pay little attention to more cost-effective methods.

According to Mr Vid, in future many of the targets previously set in Moscow would be delegated to the provinces, particularly in the consumer sector. "Factories are producing goods for the population that nobody wants, but in Moscow we don't know, to take one example, what foodstuffs and consumer goods are needed in the Ukraine."

North Sea

rig barred

By Fay Gjester in Oslo

barred from drilling by the Norwegian Petroleum Direc-

torate (NPD), the state body responsible for enforcing safety

The rig's drilling licence has

arrived at the scene. "We were close to catching the killer," said Mr Holmer. The police officer arrived too late to see the disappearing car, howfrom drilling Last night, the police were

still trying to trace the car. The taxi driver has provided a registration number, but was not sure of all the figures. ONE OF the largest, newest drilling rigs working in the North Sea has been temporarily Stockholm police are offering a reward of up to SKr 500,000 (£48,000) for information that can lead to the killer. "I hope that someone is sheltering this man and that we can buy them with this money," said Mr

Holmer. Four days after the assassination the police still appear to have few firm clues, however, and they have run into sharp

been revoked and a new one will not be granted until all its technical and administrative systems have been checked and criticism for the way in which the murder bunt has been concertain alleged deficiencies re-The delay will be costly-re-

ported charter rate for the unit is \$60,000 (£42,857) a day. The semi-submersible Henry Goodrich, owned by Sonat Off-shore Drilling of the US, arrived in Norwegian waters only a few months ago from its Japanese building yards, and was chartered by Elf-Aquitaine After initial checks run by the oil company, it was granted an NPD drilling licence, and began work in December on an exploration well near the Anglo-Norwegian Frigg gas field.

Eleven days ago the directorate withdrew the licence after two small gas zones had been found in the well and a different section of the directorate had ordered Elf to run

of treatment.

brought against France by the European Commission, Sir Gordon Slynn, one of the court's movement of workers and the give its ruling later.

wing leaders like Mr Chirac or former President Valery Gis-

In his public speeches, Mr

Chaban-Delmas warns of the danger of a period of political

turbulence in France. After watching the French defeat the

Welsh on a giant screen set up for the occasion in the Sainte-

Livrade village hall, the former French rugby international got up and said that the French had

always been torn between "genius and indiscipline."

ledged that the likely situation

centre-right Government govern-

Doctors rule challenged

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

doctors from other countries to provide services. wishing to practice in France must remove themselves from the professional registers in their own countries is a breach of EEC law, the European Court was advised yesterday.

Giving his opinion on a case

A FRENCH requirement that freedom of self-employed people

France requires doctors to give up national professional registration before being en-rolled in the Ordre de Medecins and entitled to practice in France. It argued that the requirement was essential if patients were to have continuity

Sir Gordon said that, while Advocates General, said the rethat might apply to general quirement breached Treaty of practitioners, it could not apply Rome provisions for the free to specialists. The court will

Paul Betts in Bordeaux follows a charismatic elder statesman who may still have a role to play

Aquitaine's favourite son polishes up 'new society' plan

the situation to be improved before MFN status is renewed. THE 700 locals crowding the in Aquitaine. The current legis-village hall of Sainte-Livrade, lative election campaign has a small rural community in the department of Lot et Garonne past because the result for most seen in connection with US "national security interests." in south west France earning an adequate livelihood from the production of prunes, sudcial has noted that MFN status denly let out a roar.

They were not so much saluthas helped Romania maintain a dependence from the Soviet

ing the presence of the popular Mr Jacques Chaban-Delmas, the mayor of Bordeaux and former Prime Minister, as the fourth try by the French rugby team against the Welsh at Cardiff Arms Park. favour continued MFN status for Romania, arguing that the annual review allows them to obtain human rights conces-Cardiff Arms Park.
As is usual, rugby is attracting more interest than politics

"I studied French

for years but I still can't speak it."

people is already a foregone conclusion.

The right-wing Opposition is The right-wing Opposition is expected to gain most of the seats in this traditionally radical belt of the country. The Socialists are likely to win only about 10 out of the 27 seats for the five departments of Aquitaine in the new National Assembly. In the old Assembly, before proportional representation, the Socialists had 18 out of 24 seats.

Thenlie the general anathy in

Despite the general apathy in the country, the campaign in the south west has nonetheless gained a national resonance because of the Prime Ministerial prospects of the region's favourite son. Although it is now probably only a thin out-side chance. President Mitter-rand could still turn to Mr Chaban-Delmas, his old friend and political rival, to form a government after March

In any event, Mr Chaban-Delmas is leaving nothing to chance. He has been brushing up his programme of building a "new society" which he launched but never completed under President Georges Pompidou 17 years ago. He says he has never asked for the job but adds, in good Gaullist tradi-

About six months ago, the possibility of the 71-year-old silver-haired politician being silver-haired politician being Mitterrand's intentions to If there were an unexpected all his called to form a government by pursue a strategy of political last-minute swing back in favour region. President Mitterrand was very confrontation with the right of the Socialists or a split That

that a new majority could not impose a Prime Minister on the President. Mr Chirac's argument has been that the leader of the new majority in the National Assembly was in a strong position to set bis a strong position to set his own terms for forming a

In practice, Mr Chaban-Deimas saw himself as having a good chance of being named Prime Minister by Mr Mitter-rand some months ago when the result of the election looked less clear cut. Increas-

ingly of late he has seen that events are swinging in Mr Chirac's favour. He does not want, however, to rule himself out of the race and thus said yesterday that he was "ready for anything."

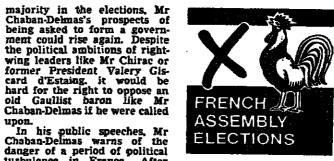
real. It now looks increasingly rather than to retire to the likely however that President Mitterrand will ask Mr Jaques majority govern at its ease. Chirac, leader of the RPR neo-Gaullist party and mayor of Paris, to lead if the Opposition parties gain a clear majority. Unlike Mr Chaban-Delmas, Mr Chirac is a leading presidential candidate, and according to many political observers his likely choice reflects President government.

If there were an unexpected

At Cardiff, genius had pre-valled and the French had won, while a few weeks before, at Murrayfield, indiscipline had prevailed and the Scots had triumphed. France, he added, needed now a period of calm and discipline. But he acknowafter March 16 will be "very complicated" with a Socialist President presiding and a

Apart from his considerable personal charm-despite his age he continues to project an image of youth with his aides calling "le petit jeune homme when they are not referring to every morning. friendly terms, would imply an him as "mon generale," echoing effort to forge a constructive his past as a Resistance hero-Mr Chaban Delmas's special blend of radicalism and Gaullism has halped him overshadow

all his political opponents in the



cherished Kennedy-like "new society project." He believes he was ahead of his time with the programme which introduced collective bargaining in France and proposed a system of permanent training to enable workers constantly to readapt themselves for new jobs.
At Sainte-Livrade, Mr Chaban-Delmas said: "I continue to believe we must work towards

huilding a new society which is more just and more humane." He said he had recently reread the 47-page speech he made in 1969 launching his "new society" programme. "At least 27 pages are still relevant today." These 27 pages are likely to

constitute the backbone of his plan should he be called to form a government in two weeks time. If he is not, he will continue to rule his region and his town, play golf and jog After all, he has held

virtually every key office in France with the exception of the Presidency. His only big regret is that he will not have been able to push forward completely with the

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Mr Jacques Chaban-Delmas (right) found himself in trouble with other opposition leaders yesterday after being quoted by a Swiss newspaper as saying that he was " ready " to lead a government. His comments were seen as add-ing to the divisions within the opposition where Mr Jacques Chirac's name has been sur-facing as the main candidate for the post of Prime Minister. He also ran counter to the dominant feeling in the opposition when he seemed to give support to President François Mitterrand in saying

when he was Prime Minister tional style, that he would be willing to form a government if it were in the best interest of



tests on the two zones.

background and let the new By contrast, the appointment of a man like Mr Chaban-Delmas, with whom President Mitterrand has always been on friendly terms, would imply an relationship between a Socialist President and a right-wing

That blend is reflected in his society."

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OVERSEAS NEWS

Aquino team seizes assets of Marcos regime

millions of dollars in cash. These have now been placed

under a court order Commission members recogn

nise that courts in some foreign countries may not agree to order a disposal of assets such as property or art works,

or the return of proceeds to the Philippines, because neither Mr Marcos nor his entourage may have committed offences abroad.

Even if the Philippines is

successful in recovering the contents of the now frozen millions at Hickham air force base, lawyers argue that the vastly bigger prize of properties and financial holdings may prove more difficult.

yesterday when Unido, the party of Vice-President Salva-

dor Laurel, publicly rebuked Mrs Aquino's party for ter-minating the terms of office of all local officials and judges. Mr Rene Espina, Unido

Mr Rene Espina, Unido general secretary, said the move was "political slaughter." The move was ordered by Mr Aquilino Pimentel, the Minister

of Local Government and co-

leader of the PDP-Laban Party. The move to cut short the terms of office of the country's mayors, governors and judges is aimed at consolidating Mrs

Aquino's power base by replacing the existing officials with her supporters. It has provoked

a major outcry, even among many of her own supporters

who regard the actions as un-democratic.

Yesterday 24 judges of the Court of Appeal, the country's second highest court, resigned but most Supreme Court justices were standing firm saying

BY ALAIN CAST AND SAMUEL SENOREN IN MANILA

THE Philippines Presidential problems in attempting to Commission appointed to seize seize foreign assets. It still the assets of deposed President does not know in how many Ferdinand Marcos, his family countries those assets exist. Its and friends, estimated at \$50n-\$100n (\$3.470n) away into dent Marcos and his entourage action yesterday at home and abroad.

The state of the state of

The commission, which has believed to detail the Marcos bean given sweeping powers, fortune which arrived at Hick-seized... the assets of the ham air force base along with seized the assets of the country's sixth biggest company, froze several large bank deposits in the Philippines and announced that it would hire legal teams in several foreign countries to recover the "ill-gotten wealth" of the former leader and his associates. In addition to proceedings already under way in the US, the commission intends to start legal action to recover cash deposits and other assets in Brazil, the Bahamas, Switzerland and the UK.

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land and the UK.

Mr Jovito Salonga, chairman
of the Commission on Good
Government said the Govern-Government said the Govern-ment of Mrs Corazon Aquino intended to "go after these people with all the enforcement powers of the Government." He refused to disclose the Government's estimate of the illegal assets but another commission member said they ran into "several billion dollars." Mr Salonga yesterday had talks with Mr Philip Habib, the US special envoy in Manila, to press home the Aquino Government's determination to

pursue Mr Marcos in exile. The first Filipino company to be placed under sequestration is Meralco, a power supply utility in Manila area. Meralco has annual revenues of \$550m and was seized from Mr Fernando Lopez, a former vice president, when the Marcos Government imposed martial law in 1972. The company was supposed

sean Count of a found permet.

SEC trade is send legent;

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riser that self superhear;

Renter repent
re. The count of hand on a counter reto be owned by its subscribers through a foundation, but the commission believes the funds were channeled to companies and interests of a Marcos family member, Mr Benjamin Romualdez, the former First Lady's brother and ambassador to the US.

The commission has powers to seize property, take over businesses, issue subpoenas. hold people in contempt and that, under the present consti-pursue proceedings abroad. tution, Mrs Aquino had no right But it faces formidable to dismiss them. NZ protest over export obstruction By Dai Hayward in Wellington

NEW ZEALAND Prime Minis-

Mr Roland Dumas, French debt repayments to commercial wards would be decided at a debt. Foreign Minister, protesting at the political obstruction of New and dry on a new dalst recting. Zealand exports in retaliation for the continued imprisonment of the French agents involved in the Rainbow Warrior bombing. He warned in his letter that

if the "political interference continues" New Zealand may take action under international trade agreements. New Zealand has already referred the matter to the Organisation of Economic Co-operation and Development and intends to raise it with Gatt —the General Agreement on
Tariffs and Trade.

Mr Lange told Mr Dumas imports are "being obstructed by administrative decisions of French authorities in both

metropolitan France and New He pointed out that continued French trade retaliation would seriously inhibit" attempts to

ease relations Government sources in New Zealand privately point out that continued vocal agitation from France for the release of the two agents simply makes it more difficult for New Zealand to consider remitting their 10-year

ties and financial holdings may prove more difficult.
One commission member conceded that, in the final analysis: "We may have to exert political pressure."
Meanwhile, the rumbling disagreements in the Aquino Government came into the oven vesterday when Unido, the Imports already affected by the alleged obstruction include lamb, fish, seed potatoes. Haggling continues over Leutwiler plan

and dry on a new debt restrucwould be an interim review of its economy in the summer. turing agreement. Several creditors, particularly in the US, are haggling over the terms of an interim deal proposed by Dr Fritz Leutwiler, the Swiss mediator between Pretoria and its banks, which is intended to take effect when the standstill runs out

when the standstill runs out. As a result, fears are growing that the deal may not be ready in time for the end-March deadline and that the standstill may have to be extended.

At a press conference following the last round of negotiations in London on February 20, Dr Leutwiler said a broad consensus had been reached on his proposals. A number of creditor banks now say the consensus only refers to the framework of his approach and some say Dr Leutwiler was over-optimistic in his description of the meeting's outcome.

"There is no unanimity on this proposal," said one banker yesterday. "We feel we have been sandbagged," he added. The proposals call for the maturity on some \$10bn (£6.9bn) in frozen debt to be rolled forward until March next

WITH LESS than a month repay 5 per cent of the total, or the concept of an immediate and the gold price has risen while another team of bankers before the present standstill on \$500m. What happens after repayment of some of the frozen since the start of the year. is working on the legal docu-

down, however, is on the details. Some banks would like the deal Among the 30 leading banks who attended the London meeting there is little, if any, disagreement over the account of the control of the contr ing there is little, if any, disagreement over the concept behind this approach. It is a short term solution which will keep up pressure on South Africa could afford to pay more figures. They should return at the foreground the end of this week. Mean-induced of 12 individual declaration in the possibility of one banks, established following the up the possibility of one creditor arranging a more team of economists to Pretoria advantageous deal than his competitors. Banks are very sensitive to this and they want the Africa politically. It establishes since oil prices have dropped the end of this week. Mean-induced of 12 individual declaration in the possibility of one creditor arranging a more figures. They should return at tive to this and they want the documentation to be watertight.

Africa only agreed reluctantly cess. The Leutwiler scheme is to the \$500m down payment this unusual for a rescheduling in year and Dr Leutwiler has told that it calls for implementation

bankers he will resign as through bilateral agreements mediator if they insist on more, between the banks and A technical committee of 12 individual debtors. This opens

But this is a very con-ments for the deal, troversial demand. South This is also a complicated pro-

documentation to be watertight.

The technical committee

— comprising Barclays,
National Westminster, Standard
Chartered, Credit Suisse, Union
Bank of Switzerland, Swiss
Bank Corporation Commerce. Bank Or Switzerland, Swiss Bank Corporation, Commerz-bank, Deutsche Bank, Dresdner Bank, Citibank, Manufacturers Hanover and Morgan Guaranty

—is due to meet again early
—is due to meet again early
next week in London to try and
thrash out these problems.
Only if it succeeds—and if Dr
Leutwiler and the South
African authorities agree to any
thanger proposed. will the final changes proposed—will the final draft of the arrangement be sent out to a further 230 smaller creditor banks.

Then comes the task of per-suading these banks to agree. Most bankers reckon that will be even harder than the job of drafting the deal itself. And by then there will be less than two weeks before the standstill

Amnesty launches S. Africa campaign

Pretoria's debt proposals met with an uncertain consensus, Peter Montagnon reports

AMNESTY International, the Londou-based human rights organisation, today launched a worldwide campaign to end what its calls "extensive violations of human rights" by the South African Government, Michael

In an open letter to President P. W. Botha, Mr Thomas Hammarberg, Amnes-ty's secretary general, accuses the Government of responsi-bility for daily abuses of power which have increased "markedly" over the past year. Thousands of South

without trial, says the letter, while hundreds have been subjected to torture or ill

Between September 1984 and November 1985 over 800 people, including children, have died in township unrest, many shot dead by police or military personnel who have been given immunity from prosecution, according to a 17-page Amnesty report which accompanies the letter.

At least 12 political detainees died in police custody

the document, which also highlights attacks on the homes of anti-apartheid cam-paigners some of whom, it says, have been killed apparently on account of their opposition to government policies."

Amnesty is calling for the immediate release of what it terms "prisoners of conscience" who have neither used nor advocated violence, the release of all political deviates are the release of the releas powers and the establishment of a judicial commission of enquiry into allegations of tor-

Africans have been detained year, though South Africa would hetween 1981 and 1985, says The High Interest Cheque Account from the Midland.

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Habre considers counter-offensive in northern Chad

BY PETER BLACKBURN IN ABIDJAN

PRESIDENT Hissein Habre of PRESIDENT Missein manre of Chad may be poised to launch a counter-offensive to recapture his native oasis town of Faya Largeau and the rest of northern Chad, which has been occupied by Libyan-backed recaps forces for nearly three wars.

years.

But he is likely to await the end of the Organisation of African Unity's mini-summit on Chad in Addis Ababa this week, although sceptical of its out-come. The OAU has so far not settled a single conflict and it would be a miracle if it could resolve the question of Libyan aggression," he said in N'Djamena last week.

and restore peace after more than 20 years of civil war. descended south across the four parallel early last month. The subsequent arrival of fresh French and American military equipment, although mainly for defensive purposes, has also strengthened his forces' this process.

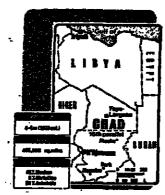
strengthened his forces' striking capacity.

The recent reconciliation with Colonel Kotiga, the most important of the remaining southern rebel commanders, also means that for the first time in many years the mainly Christian south is secure and that President Habre can concentrate most of his troops on the most of his troops on the most of his troops on Gadaffi who may have been

Morale among Mr Goukouni
Oneddei's forces has been sapped by defections, long months of inactivity in an inhospitable desert environment and strained relations with the filters allies. The ment and strained relations with his Libyan allies. The recent attack followed the supply of new fighter aircraft and was simed at raising morale and showing that the Opposition was still active, observers believe. They discount the idea that it was a decisive attempt to take NDiamena

N'Djamena.
Colonel Gadaffy the Libyan leader, is concerned about security in the Mediterranean following the manoeuvres of the US 6th fleet in the Gulf of Sirte, and the sharp decline in the country's oil revenues has discouraged him from launching costly new military campaigns in remote desert locations.

NDjamena.
August, 1983. Mr Habre had then only recently graduated from being a rebel leader opposed to the French-backed Government of Mr Goukouni Oueddei.
While Mr Habre has consolidated his position and brought the south under his control, he still needs French aerial and logistical support to recapture



Several factors suggest that willing to support a counter-President Habre may be offensive. The strategy has been tempted to seize the initiative in a bid to reunite the country French aircraft bombed the Morale is high among his troops after they successfully repulsed an attack by the forces of Mr Gonkouni Oueddel, who descended south across the 16th parallel early last month. The Ouaddi-Doum strip in the north in N'Djamena mainly to protect the airport.

When the French last intervened in 1983, French troops were deployed in exposed desert positions protecting the 16th

qualms and the quick, firm response probably surprised Col Gadaffi who may have been calculating that President Francois Mitterrand would be preoccupied with the campaign for the Franch saveral election. the French general election.

In fact the French President, piqued by the Libyan leader's failure to honour a mutual troop withdrawal agreement in Sept-ember 1984, saw the opportunity to recover prestige with a show

of firmness. Relations between the French and President Habre are now much closer than when French troops last went to Chad in August, 1983. Mr Habre had

logistical support to recapture Although the French were the north. But how far the quick to defend President French will commit themselves Habre's regime they seem less is still in doubt. BY STEWART FLEMING IN WASHINGTON

AN UNEXPECTED 0.6 per cent following market rates downdecline in the US index of The decline in the index of leading economic indicators in leading economic indicators January helped to spur further reflects some of the mixed falls in interest rates on Wali economic data that has been

to lower their discount rates. December index from a rise of have revived hopes on Wall 0.9 per cent to a rise of 1.5 per Street of a cut in the Federal cent, is unlikely to lead private Reserve Board's discount rate from its current 74 per cent. The bond market rally has jections, taken interest rates on 30-year Most Treasury securities to 8 per ing growth at an annual rate cent, their lowest level in eight of around 3 per cent in the

Interest rates on short term funds including three month been projecting a stronger first treasury bills are well below quarter have been trimming the discount rate. This would allow the Fed to lower the discount rate but enable it to their concerns about the impact

reported in January.

One month's data, particu-

Street yesterday.

The decline, coupled with One month's data, particularly accompanied as it was by speculation that both West larly accompanied as it was by an upward revision of the an upward revision of the cent, is unlikely to lead private economists to change sig-nificantly their economic pro-

Most economists are expectcent, their lowest level in eight of around 3 per cent in the years and only a half percentage point above the 7½ per cent cent in the fourth quarter of last year. But economists who have

talk down the significance on of the further sharp increase monetary policy of such a step in the trade deficit in the past by saying that it is simply two months.

TWA struggles to reach pay deal with cabin staff

A BITTER tussle over a pay contract for nearly 6,000 cabin staff at Trans World Airlines, the transatiantic carrier, entered a critical stage yesterday as management and union representatives tried to reach agreement before a strike deadline of midnight tomorrow.

deadline of midnight tomorrow.
Settlement of the dispute, in
which the company is asking
for substantial pay cuts from
the cabin crews is a key item
in the reorganisation of the
airline by Mr Carl Icahn, the
Wall Street speculator who
acquired control of TWA last

Last year, the company ran up losses of \$193m (£133m). and in the current quarter expects to lose \$125m. The cost ox a dispute with the flight attendants has been put at the attendants into an agree-around \$75m. This would hit TWA hard at a time when it is also trying to restructure itself to accommodate from the strike breaking replace itself to accommodate from the strike breaking replace itself.

only a week ago. Mr Icahn has already reached agreement with the pilots' and mechanics' unions, and argues that the hostesses must take even larger wage reductions to make TWA competitive.

Marred by a deep-felt antagonism between the flight antagonism between the hight attendants union and Mr Icahn, the talks are being led by a mediator from the National Mediation Board. Few details of the contract proposals have been given so far, but the union says that the company is asking for wage concessions of around 22 per cent while it has offered to accept employment cost reductions of around

itself to accommodate Ozark, ments for the cabin staff in a regional carrier acquired case of a dispute.

Pressure grows on lift revenues

By Our Washington Staff

PRESSURE IS mounting on the Reagan Administration to measures as part of the attack on the federal hudget deficit.

Senator Pete Domenici, chairman of the Senate Budget Committee, who has made no secret of his conviction that new revenues will be needed, has expressed support for a tax amnesty as a way of raising revenues without directly increasing taxes. President Ronald Reagan has said he opposes the idea, how-

The tax amnesty, which would permit tax evaders to pay back taxes without having to pay fines, is one of several revenue raising options which the budget committee is expected to debate when it begins formulating a budget resolution today.

Reportedly other options which the staff of the budget committee is presenting for review are increases in taxes on oil, gasoline, cigarettes, beer, wine and social security retirement benefits.

Each of these ideas is intensely controversial and the prospects for any of them are uncertain, particularly in the face of presidential

They need to be seen too in the broader context of a budget debate in which President Ronald Reagan is pushing for increases in defence spending and cuts in non-defence programmes which are widely regarded on Capitol Hill as politically unrealistic.

As the budget committee As the budget committee prepares for what promises to be a tortured debate on fiscal policy the Senate Finance Committee is getting down to the task of preparing its version of the Tax Reform Bill which was approved by the House of Representatives in December of last year.

Nearly 50 senators have Nearly 50 senators have reportedly signed a letter calling for Mr Reagan to agree to postpone the consideration of tax reform until progress has been made on the budget deficit. But the White House has made it clear that tax reform is a high priority,

Stewart Fleming reports on the arguments over the US currency and interest rates

Trade deficit hangs over dollar debate

foreign exchange markets have had to endure the worrying spectacle of Washington's two top economic policymakers. Treasury Secretary James Baker and Federal Reserve Board chairman Paul Volcker differing in public on the value of the dollar and, by implication, the thrust of economic policy.

They have also been served with a reminder by Mr Preston Martin, the Fed vice-chairman, that the Fed vice-chairman,

that the Fed itself is uncertain that the red itself is uncertain about how best to proceed in securing continued economic growth while containing inflation. After listening to Mr Volcker expressing the view thatthe dollar did not need to fall any further, Mr Martin wasted no time in letting Washington know that he did not agree.

But it was Mr Baker's judg-ment that a further orderly de-cline in the dollar was not undesirable, presented at the same time as Mr Volcker was saying he was worried that the decline might be approaching a "danger zone" that caught the attention of the foreign ex-change markets.

Both men denied that there was any fundamental disagreement between them, denials that signal a policy debate, rather than a confrontation, at least at this stage. In the privacy of his own

office Wall Street suspects Mr Volcker would not mind if the dollar did fall further, in a advisers do not however share



steady way. Mr Baker has made

ment it is easy to trace some significant differences of opinion. Mr Volcker, a central hanker who has endured too many currency crises over his lifetime, is evidently aneasy about the pace of the dollar's decline since February last

He seems reluctant to trust too much in the bonus of falling oil prices, not least because it is not yet clear at what level they will settle. He is worried about confidence in the US currency at a time when the US must rely on foreigners for billions of dollars of savings, and is thought to be anxious about the price the country may have to pay for the dollar's de-cline in terms of inflation.

Some of Mr Baker's top

danger that the dollar could help to stabilise the dollar by overshoot downwards and make damping down speculation in it increasingly expensive to attract foreign capital. There is also an argument that the good fortune of the oil price decline ought to be exploited quickly, to get the dollar and interest rates lower because circumstances may not be so favourable in a few months'

Mr Baker himself has been much less explicit than Mr Volcker about why he feels reminder. it abundantly clear that, like Mr
Volcker, he does not want a disorderly free fail.

But within the area of agreement, it is easy to trace some significant differences of the special state of the special traces in US conversion religious.

Steady way, Mr Haker has made to decide about why he feels the need to, as foreign exchange traders see it. "talk the dollar down." Political calculations must play a part. Wall Street believes, Since Mr Baker put his name to a major observe in US conversion religious. change in US economic policy—the commitment made at the meeting of the Group of Five in New York last September to get the dollar down he must be anxious to see some result from the change, such as the beginnings of an improvement in the US trade

time

Wall Street for its part, is buoyed by a bond market rally which has taken interest rates on 30-year bonds close to levels on overnight interbank money and by reports that West Germany and Japan could lower interest rates.

It is anticipating a cut in the Fed's 7½ per cent discount rate. According to Dr William Griggs an economist with Griggs and Santow in New

Mr Voicker's fears about the York, such a cut might now the markets about likely Fed

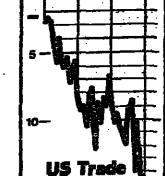
> It must however be worrying for both Mr Baker and Mr Volcker that the trade deficit may not respond quickly to the dollars' decline. Mr Milton Hudson, head of the economics department at Morgan Guaranty Trust points to the record monthly trade deficit revealed for January as a discouraging In the 1970s, he says, imports

into the US continued to rise

sharply even though the dollar was declining. There are fears that many of America's once huge agricultural export markets are now lost and new industrial competitors have grown in the past decade. A declining dollar will not, it is argued, help US exports in countries such as Mexico, South Korea or Talwan, whose currencies are either falling against the dollar or pegged

to the US currency. Concern is growing that the US may now be running a chronic trade as well as budget deficit. The thought that the trade deficit will be much barder to correct than has been widely assumed, and the opportunity this would present to the Democrats, who are already making the issue their corp. making the issue their own, cannot be a happy one for the

Reagan Administration.



15-Deficit

a prospect quickly to the argument that the dollar does indeed have further to fall, and the sooner the better, if any politically meaningful improvement in the trade figures is to be seen. It may already be too late to affect the November elections.

1983 1984 1965 86

Administration officials may therefore decide to play down the inflationary possibilities of a decline in the dollar, feeling that a little more risk is worth taking. This is where Mr Volcker and the Reagan Administration would indeed

G24 keeps up debt momentum

economic issues for the inter-national financial community is meeting here this week to reiterate its demands for new approaches to the debt issue and for an increase in the transfer of resources from the indus-

trialised to the Third World. The meeting was originally called by the chairman of the group's committee, Mr Juan Sourrouille, the Argenting Economy Minister at last October's annual meeting of the International Monetary Fund and the World Bank in Seoul. Mr Sourrouille said then that African, Latin American, and

THE GROUP of 24 — the deveing with Third World debt prior continuing uncertainty over
loping nations, main voice on to next month's meeting of the
economic issues for the interIMFs policy-making Interim
But the Group of 24 appears Committee.

> Some developing countries have already given a cautious welcome to the plan's shift in the emphasis of policy-making away from adjustment and towards growth and economic re-But the Group of 24's hosts

are auxious to keep up the momentum on the debt issue Argentina's call for below market rates on bank loans have been left in limbo as a result of the inconclusive meeting last weekend of the Asian countries wapted to assess ing last weekend of the the initiative by James Baker, Cartagena group of Latin US Treasury Secretary, for deal. American debtors and by the

to be broadly in favour of taking a stronger line on its questioning of IMF conditionality, on the proportion of export earnings that should be spent on debt service payments, and on the current level of multileteral and commercial of multilateral and commercial lending.

Argentine officials claim that the meeting in Buenos Aires— the first to be held outside Washington and separate from the IMF and the World Bank since the group's formation in the early 1970s — underlines the Third World's growing consensus around the debt issue and its acceptance of Argentina's protagonist role.

By Christian Tyler Trade Editor

THE SALE of six European

Airbuses to India's state air-line, Air-India, was clinched with the signing in London yesterday of a \$392m loan

Air-India is paying just over \$51m each for the air-liners, and the rest of the

nearly \$500m deal includes

spare engines and other

Foreign credits for the sale, arranged by Barciays Bank—its first Airbus finan-

An export credit of \$220m

has been underwritten by the official agencies of Britain, France and West Germany, at fixed rates of interest in line with international agreements on aircraft financing, over 10 years.

Air India will be repaying

the sterling lean—20 per cent of the total — at 12.05 per cent, the French franc lean

at 11.65 per cent and the Deutschemark component at 7.9 per ceut. The latter two

countries account for 40 per cent each of the export

A Eurodollar loan of \$173m

has also been arranged at 1/40

per cent over London inter-bank offered rate (libor) re-

payable over 10 years with four year's grace period.

rower in the recent past in India and Asia has obtained." It was testimony to India's

good credit rating and an

endorsement of the country's

economic policies, said Mr C. L. Sharma, the deputy

rupees.
The sirline is taking delivery of the six A310-300 aircraft this year to replace five Boeing 797s. The air-

craft are a smaller, longer range, model than the three Airbuses already in the fleet. Captain D. Bose, managing director, said the airline was

looking for three more aircraft over the next five years but was still playing the field.

The contract for this latest purchase was signed last

managing director.

Air-India said this could be "the best rate that any bor-

over 10 years. ...

cing—come in three parts.

Brazil inflation package welcomed by investors BY ANN CHARTERS IN SAO PAULO

THE SWEEPING anti-inflation from the Government's depackage introduced last Friday cision to end the all-embracing by President Jose Sarney was pollcy of indexation which yesterday given an enthusiastic reception by Brazilian investors in the country's stock torted investment in favour of

exchanges.
In Sao Paulo, Brazil's largest stock exchange, hectic trading as the markets opened for the first time since last Friday pushed the index up to record levels. Brokers had projected trad-

ing at around Cr 1bn (£51m) before the opening but turn-over reached nearly Cr 1.5bn as the Bovespa index closed 22.6 points up on the day. The main attraction for inves-

government bonds, whose values were adjusted mouthly according to a consumer price

index
Monetary correction has been eliminated on all but passbook savings. With the prospect of tough measures in force to com-bat inflation, bonds as a hedge lose some of their attraction.

Investors alos reacted to the adjustment in the currency and the determined effort to close the gap between the official and tors in the stock market came parallel rate of the cruzeiro,

WORLD TRADE NEWS

British investment in Canada

soars

By Frank Gray

BRITISH INVESTMENT in Canada soared to C\$1bn (£488m) last year compared with \$\$290m the year before, an investment seminar was told yesterday.
Mr Paul Labbe, president of

Investment Canada, the Government agency, said the sudden surge —a 245 per cent increase —indicated that Canada's new liberalised investment policy was beginning to have a positive Last year marked the first

year for the implementation of year for the implementation of the Investment Canada Act, introduced in late 1984 by the Conservative Government of Mr Brian Mulroney, and it sup-planted the much criticised Foreign Investment Review Agency (Fira) introduced in the 1970s by the former Trudeau Government.

Government. In 1984, Mr Labbe said, some 800 potential investments were examined under FIRA's "significant investment" clause. A number of the proposals were

Under the new legislation no investments have been turned down and scrutiny of proposed investment has been greatly streamlined. Only 8 per cent of the dock of the legislation in 1984. the deals proposed in 1984 would have been examined under the Investment Canada Act last year, said Mr Labbe.

ICI signs deal òn pesticides with Hungary

ICI, the British chemical company, has signed an agreement with three Hungarian com-panies jointly to develop a pesticide, and to market it world-wide, Nick Thorpe reports from Budanest.

Under the agreement, Neviki, a chemical research institute will monitor the biological efficiency and toxicology of the weedkiller for sunflower culti-vation. Another Hungarian company. Peremarton, will make part of the product for completion in the UK, while Chemolimpex, the national chemicals trading organisation, will market it in Eastern Turney where companys send the latest of a long series of bids to win a higher quota for textile supplies.

A Japanese group heads for a new adventure, John Griffiths writes

Daihatsu sets sights on Europe

DAHLATSU intends to double Tinjin Automotive Industry. its European car, light van and four-wheel-drive vehicle sales to ton deal in Europe, under 100,000 units a year by 1990 which it supplies engines and transcriptor of the complex control of the complex of the complex control of the control and is seeking a joint venture partner to establish production capacity in Europe.

An initial feasibility study into European production has into European production has been under way for 11 months. So far, however, there have been no formal approaches to potential partners, said Mr Yogi Shibaike, formerly head of Daihatsu's European sales operation in Brussels, now based in Osaka with Daihatsu's overseas marketing section.

overseas marketing section.

Daihatsu, part of the Toyota group and specialising in small cars and four-wheel-drive vehicles, considers an output level of 50,000-100,000 vehicles a year to be feasible within a year to be feasible within Europe under a joint venture. However, these volumes are insufficient to warrant a green-field site approach, Mr Shibaike, who has been investigating the prospects for a European part-nership, added.

Daihatsu is one of Japan's smallest vehicle makers, selling 690,000 vehicles world-wide in 1985 and with 760,000 forecast in the current year.

It is also the oldest Japanese vehicle producer—celebrating its 80th anniversary next year

and is in some ways its most adventurous. It was the first Japanese com-pany to set up vehicle assembly in China—of light vans—and pany to set up venicle assembly in China—of light vans—and this year expects to add its one-litre Charade car through a technology-transfer deal with Track" leisure and utility

Fibre Agreement.

Mr Eric Ho, the Hong Kong Secretary for Trade and In-

quota for textile supplies.

EEC refuses to help

HK on textile access

BY PAUL CHEESERIGHT IN BRUSSELS

which it supplies engines and transmissions to De Tomaso of Italy, for use in the Innocenti Mini, units previously supplied by BL of the UK.

"It was our only way of get-ting into the French and Italian

markets," both of which have unilateral, virtually complete bans on Japanese car imports, Mr Shibaiks went on. ar Shibales went on.

The Innocenti venture, however, would have been predated by several years, had Daihatsu decided to proceed with an earlier venture which would have made it the first Japanese producer to set up in Europe,

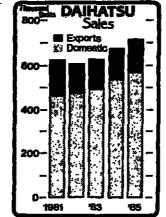
in 1980.

Mr Shibaike disclosed that vehicles.

Mr Shibaike believed sub-Dailatsu seriously considered taking over the assembly plant closed by Austin Rover at that increasing its network size

But the company is now com-

suppliers—like Hong Kong—and the smaller developing



time in Ghent, Belgium.

Daihatsu's annual European through dual franchises, on the basis that Daihatsu's specialised model range could be sold considered to be at too low a level to proceed however, Mr Shibaike said.

Intrasting his network at through dual franchises, on the basis that Daihatsu's specialised model range could be sold turers' product without con alongside European manufacturers' products without

mitted to strengthening its European dealer networks and this year is embarking on a campaign to acquire "a firm, pan-European image."

The strategy will focus heavily on pointing out that Daihatsu is a "different" producer with particular strengths in the fuel economy of its the Czech and Vugoslavian in the fuel economy of its comment. 1,000 units a year. In Poland trims.

3,500 non-Comecon units sold. It is now looking at prospects in the Czech and Yugoslavian markets, Mr Shibaike said.

The East European involvein the fuel economy of its in the Czech and Yugoslavian Charade small hatchback range markets, Mr Shibaike said.

ment has taken it into some its recent accession to the EEC, unusual deals as a result of could well be a candidate.

counter-trading requirements. Perhaps the most bizarre, Mr Shibaike recalled, was his arrangement to take parties of retiring Japanese workers to Hungary, instead of their traditional reward of a vacation in places like Hawaii — "that let me sell 40 more cars."

The pressures now being exerted by Japan's Ministry of Trade and Industry on Japanese car makers to buy more from Europe has led to some unusual deals as well. Japan's Ministry of Trade and

Industry (Miti) told Daihatsu to buy Y1.1bn (£3.3m)-worth of European goods last year. So it bought carpets in bulk from Austria, trim parts from Italy—but by year's end had still underspent by Y600m, so imported 600 tons of aluminium ingots from Finland—after seriously considering huge pur chases of fulips from Holland to present to all Europe's Daihatsu buyers.

This year, it has been told to spend Y1.3bn. Mr Shibalke discounted the viability of manufactured components such as clutches, but says there are "good prospects" for European producers to supply items like plastics, bumpers and wheel

China launches attack on US protectionism

HONG KONG, the second largest supplier of textiles to request for giving back to Hong the European Community, yesterday failed to win undertakings of easier access to the market under the next Multi-Fibre Agreement.

In response to Mr. Ho's THE CHINESE Government said, restricted the flow of used the opening of a contextile exporting countries from developing countries to attack US protectionism, which it says threatens the stability of the munity.

Mr Zheng caid the US in the Zheng caid the About 120 representatives of "most serious example" of

(MFA) which runs out in July.

munity.

The EEC was generally About 120 representatives of against any further cutbacks in quotas, but even this caused difficulties among some of the 12, he said.

Mr de Ciercq told Mr Ho the Community is trying to difficulties between the large the Multi-Fibre Arrangement, coming talks on the future of the Multi-Fibre Arrangement, community is the World economy.

Mr Leeng Said the Us is the most serious example of this discrimination. One deletion to the MFA, is one of the attempt to formulate a co-few countries able to talk tough ordinated approach for forth-to the US and match the fermination to the MFA, is one of the attempt to formulate a co-few countries able to talk tough ordinated approach for forth-to the US and match the fermination.

Community is trying to differentiate between the large of the Multi-Fibre Arrangement, coming talks on the future of the Multi-Fibre Arrangement, and the US and match the community is trying to differentiate to the US and match the multi-Fibre Arrangement, and the US and match the community is trying to differentiate to the MFA, is one of the few countries able to talk tough the Multi-Fibre Arrangement, and the US and match the community is trying to differentiate to the Multi-Fibre Arrangement, and the US and match the Multi-Fibre Arrangement, and the US and match the Multi-Fibre Arrangement, and the US and match the Community is trying to differentiate to the Multi-Fibre Arrangement, and the US The delegate said Chine's

and oil is widely produced.

ICI also won a Hungarian award last week for the success ful development of "direct Multi-fibre Arrangement move drilling" of maize and wheat into their final phase.

Suppliers—like hong Kong—

And the smaller developing and the smaller developing the larger would be held while that for the smaller would be held while that for the smaller would be constricted by the larger would be held while that for the smaller would be constricted by the larger would be held while that for the smaller would be constricted by the larger would be held while that for the smaller would be constricted the scale of the delegate said China's Zheng Tuobin, China's Minipower serior for the delegate said China's Zheng Tuobin, China's Minipower serior of Foreign Economic ster of Foreign Economic development and the smaller would be held while the larger would be held while developed countries group, though its developed countries which, he self-interest

Loan deal **US-Japan talks to** clinches 'set precedent' for Indian high-tech disputes Airbus sale

of other high technology trade disputes in Western Europe and elsewhere, according to Mr Clayton Yeutter, the US Trade Representative.

Two main points of conten-tion in the talks have been ways to increase exports to Japan by US semiconductor makers and to prevent dumping of Japanese semiconductors.

Meeting with a small group meeting with a small group of journalists yesterday, Mr Yeutter said existing US trade remedies for dumping and sub-sidy complaints do not function well when a new generation of equipment can be introduced while trade cases are still being considered. If the US is to maintain its high technology edge, it must develop "creative and imaginative" solutions to

US and Japanese trade offi-cials are talking about semi-conductors this week in Tokyo, and Mr Yeutter said progress would be assessed at the end of the week with an eye to getting agreement before Prime

THE REAGAN Administration's efforts to assist the US semi-conductor industry in negotiations with Japan will set a precedent for American handling of other high technology trade with the UK, France and Germany about the sale and prices many about the sale and prices practices of Airbus. "It's time THE REAGAN Administration's not be sabotaged by trade dispractices of Airbus. "It's time we sat down and discussed just

> functioning " There is no actual evidence.
>
> Yeutter said that Airbus has committed practices which violate "the spirit of Gatt" on obtaining contracts. However, he is interested in future plans for Airbus contracts. for Airbus considering that no profit "has emerged after all these years."

how the Airbus consortium is

Mr Yeutter is optimistic about Mr Yeutter is optimistic about the progress of talks for a new Gatt round. Some issues will probably have to be settled in the ministerial talks in September, he said, such as "three or four" service sectors to be included in talks, investment rules and investment of intel-

rules, and investment of intellectual property rights.

The Administration will not seek congressional authorisation to negotiate this year, he said, for fear that Congress will and Mr Yeutter said progress would be assessed at the end of the week with an eye to getting agreement before Prime Minister Nakasone's visit here in April. He speculated that Japanese officials would be more accommodating before May's economic summit in Tokyo so that progress would said, for fear that Congress will take the opportunity to add protectionist measures on to the legislation. The Administration also has some worries about the trade issue in the November elections, but Mr Yeutter hopes that by then, the effects of the weaker dollar will have had some impact.

Commission rejects US pressure for soya pact

The third component is \$50m worth of yen credit at the low rate of 6.7 per cent.
The remaining \$40m cost of the deal will be paid in runes.

will be lost.

THE EEC Commission has politicly but firmly rejected growing pressure from Washington to negotiate a special trade agreement compensating US soya and grains producers for sales lost due to the accession of Spain and Portugal to the Community.

Changes in tariff arrangements for farm produce came into force in the Iberian countries on March 1, and the US fears that a substantial por-

countries on March 1, and the When other factors—the reduction of its \$1bn (£914m) a year vegetable oils and cereals sales into account, the US could be will be lost.

This week Dr Clayton Yeutter, the US trade representative, asked Mr Willy de Clereq, the

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plainace.

State Division

Fisons preliminary results for 1985 show record pre-tax profits of £72.3 million, up 50% on 1984. This represents the fifth successive year of major achievement. During the period profits have grown from £3.8 million in 1980 to their current high.

The growth in profits was accompanied by continued improvement in quality of earnings. Return on capital employed at 23.9% was up on 1984, whilst earnings per share rose from 18.8p to 24.3p.

From a market capitalization of £41 million in 1981, Fisons is now valued at over £1 billion. Given the strength of the growth in Group profits, the Board is recommending a final dividend of 3.34p net per ordinary share, making 5.5p net for the full year: a 22% increase on 1984.

Fisons Formula for Success.

Sices

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These excellent results reflect careful long-term planning and rigorous follow-through. At the beginning of the decade, Fisons management team implemented a corporate strategy which has restructured and refocussed the Company.

This strategy was based on the following criteria.

- 1. To operate only in inherently attractive industries with a long-term growth and profit potential.
- 2. To operate only in industries where Fisons would be a highly effective competitor.
- 3. To establish a high quality and well motivated management team to ensure efficient implementation.

The success of our strategy is evident from the record results produced by all three of our Divisions, each of which has achieved an all-time high in both sales and profits.

Pharmaceutical Division.

The Pharmaceutical Division has

maintained its position as the leading earner in the Group with sales of £220.8 million (up from £198.5 million in 1984) and a record profit of £39 million, which represents a 25% increase.

The Division's performance in North America is particularly impressive: sales increasing by over 40%.

Applications for the registration of nedocromil sodium were made in a number of European countries; whilst it is premature to make predictions of success until regulatory approvals are obtained, the clinical trials of this product look most encouraging.

Scientific Equipment.

The Scientific Equipment Division is now contributing more than ever to Group performance. Both sales at £358.2 million and profits at £19.2 million are records.

Over the past 5 years Fisons has been the fastest growing major supplier of scientific laboratory equipment in the world.

Horticulture Division.

Fisons horticultural activities have returned profits of £8.7 million in 1985, 50% higher than in 1984, on a 7% increase in sales.

This strong performance can be attributed to both the UK and the North American market, where our overall development continues to be impressive.

Major International Group.

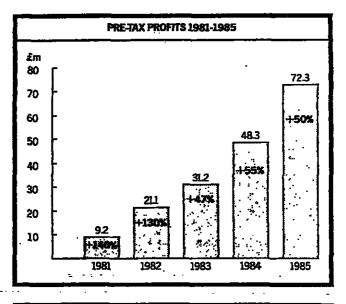
Throughout the 1980's the growth of each of our three divisions has been backed by capital investment and augmented by selective acquisitions around the world.

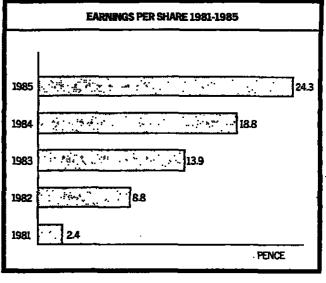
Fisons is now established as a major international company, with over 80% of sales made overseas.

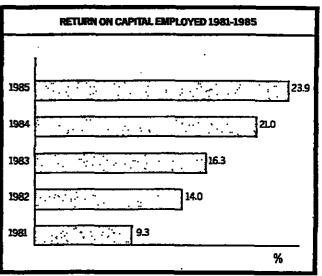
The Future.

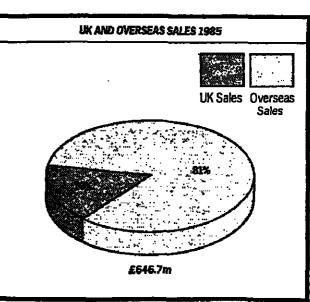
It is Fisons intention to maintain its highly successful strategy in the second half of this decade.

From a sound business base we can now look to the future with even greater confidence than ever.











UK NEWS

Howe calls for greater European co-operation

Governments could look critically

at the economic value of expendi-

ture on military research and devel-

opment and should be ready for the

politically difficult step of opening

their public procurement to "genu

"Governments can play their part

in an enterprise culture, not by try-

ing to pick winners for industry, but

in showing that that they under-

ine European tender."

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDEN

SIR GEOFFREY HOWE, the For- More recently, there were signs stand problems and creating an eneign and Commonwealth Secretary, that this attitude was changing, vironment where the good ideas of yesterday appealed for greater efforts by European companies to co- European companies that partneroperate with each other, despite ship might, after all, be easier their frequent preference for seek- among companies of similar size, with similar problems and an ining partners outside Europe. "Europe lacks the singleness of creasingly common political and in-

purpose of the American superpow-stitutional background. "This is increasingly the effect of er or the homogeneity of the consensus-driven people of Japan, Sir adding the European dimension to Geoffrey said in a speech on Eu-rope's industrial future to Britain's entirely welcome," Sir Geoffrey Institute of Directors.

A European company which secured enough of its national market the entrepreneurs and consumers Though, in the last resort, it was to bring it into the global competi-tive league was liable to be hauled who would determine what companies would decide, European governments could modify the institubefore its national competition autional framework. They should thority, he said. "It is not surprising think imaginatively about changes that there are so few European companies that can match the size to national and European Commuand effectiveness of their American and Japanese competitors. The surther elimination of fiscal and legal obstacles to the creation of transprising thing is that there are so national European companies and

MITSUBISHI MELPOS

Sir Geoffrey appeared to have the joint ventures. recent Westland/Sikorsky and current General Motors/BL affairs in mind when he said that European companies were understandably looking for American and Japanese

In the past European companies had sometimes found it awkward to co-operate with counterparts which were their traditional competitors, the Foreign Secretary said.

BISH MELPOS . MITSUBISHI MELPOS

businessmen offer good, European-

Sir Geoffrey said that he did not believe that a narrow defensive nationalism was the answer to any of Britain's current industrial problems. Britain should, of course, welcome the presence of the most advanced US and Japanese companies on its soil.

But these companies had flour-ished in a competitive climate. There is nothing disreputable or xenophobic about seeking to ensure that British and European industry are worthy competitors for the Jap-anese and Americans."

Sir Geoffrey called for a removal of the remaining non-tariff barriers in the European Community, which prevented companies from treating it as a single market of 315m people and where frontier controls alone cost the Europeans as much as \$7bm

He said that the member governments were ecting more directly to attack the problem of the Community's fragmented and inadequate research and development base.

Eureka, in which Britain was

playing the leading management role, aimed to encourage companies to get together to develop competi-

There's a new name in POS systems

with one important difference...

ULSTER COUNTS THE COST OF ITS DAY OF PROTEST

Unionists hint at resumed talks

come up with something quickly.

Mr Harold McCusker, deputy

leader of the Official Unionist Par-

ty, said on Monday: "We took a cal-culated risk. It could be alleged that

Mr Molyneaux and Mr Paisley

said further strikes were not

The Royal Ulster Constabulary (RUC) said yesterday that 47 police-

men were injured. More than 35

shots were fired at the RUC and 57

arrests were made. Police received

237 reports of intimidation and 329 reports of damage to property.

ed by Loyalists around the prov-

cleared by the security forces. Po-

ince, a third of which were not

lice used video cameras to help note

vehicle numbers and identify trou-

blemakers. About 180 people had

been earmarked for questioning

and charges could be brought

been 132 complaints of police inac-

tion at trouble spots

The RUC added that there had

Police were spread thinly on the

Some 670 readblocks were erect-

it backfired on us."

NORTHERN IRELAND'S two tainty over the implications of Mon- ground and were forced to concen-Unionist leaders, shaken by the day's violence for the Unionist camway Monday's day of protest paign against the agreement, which against the Anglo-Irish agreement urched out of control, vesterday sought to distance themselves from the violence and regain the political

initiative in the province. A joint statement by Mr James Molyneaux and the Rev Ian Paisley, leaders of the two main parties which support union with Britain, said they did not support or condone looting, shooting, violence and intimidation by what they called

fringe elements They said such actions detracted from the success of the protest which otherwise was mainly peaceful and voluntary. They would continue to withdraw Unionist consent from Government and were seek-

The statement ended with an appeal to Mrs Margaret Thatcher, Prime Minister, to re-open the door to political progress which contained a kint of a willingness to resume the talks with her that four-

"The Prime Minister holds the key to unlocking that door by freezing the agreement or using some other mechanism which produces the same result so that the round table negotiations can get under way," the leaders said.

The statement was issued in place of a planned press conference by the two men which was cancelled in an apparent sign of uncertrate on keeping priority routes

gives Dublin a say in the affairs of In Dublin, the Irish Cabinet discussed the day of action and said af-Since the accord was signed last terwards it was determined to press November, protest actions have on with the agreement and urged steadily escalated in violence. unionists to work towards devolu-There are strong fears in Belfast tion in the north. Privately, there that worse will follow, with paramilwas concern over the complaints itaries playing an increasing role, about police inaction.

> dustry (CBI) in Northern Ireland said the strike had "devastated" industrial production in much of the province, although a number of factories in Catholic areas had worked near normally.

The Confederation of British In-

A spokeswoman said most companies could make up for the lost production but the CBI feared the long-term effect on foreign invest-

ment in the province The manager of one small engineering company in Portadown, where there was almost a total shutdown of factories, said two of his multinational customers had asked him to transfer production of their orders to his subsidiary plant

Harland and Wolff and Short Brothers said less than 15 per cent of their staff had turned up to work on Monday, most of them white-collar workers. Production at both companies was halted. Shorts said the day had cost it about £1m in lost production, but, with its reliance on defence contracts and US orders, the biggest worry was the effect on

MITSUBISHI MELPOS

Production problems disrupt launch of Shah newspaper

BY RAYMOND SNODDY

THE STAFF of Today, UK's latest more like a provincial tabloid than national newspaper, is hoping for a a national newspaper. less troubled print run for its second issue today.

and Wales yesterday. In others the paper was in short supply and thou- pointing and flat. sands of potential customers, encouraged by television advertising said. The four-page colour section to look for the paper, had to go without.

Today said 1.1m copies had been printed, several hundred thousand ewer than planned.

W.H. Smith, which is distributing the paper to about half the country, said yesterday that despite production problems "we feel they have done quite a good job for the first issue. The paper is certainly selling. The launch of Today was plagued

by difficulties in coping with the electronic newsroom equipment. Some journalists said yesterday the main problem was lack of familiarity with the electronic equipment something that should come right in time.

experience with the machines," said

There was also trouble transmiting a photograph of the Queen, which had arrived from Australia to one of Today's three printing centres at Poyle near Heathrow airport, London

The fact that printing began 90 minutes late affected the distribution system. Matters were made worse by a breakdown at the paper's Manchester printing plant. W. H. Smith said there were delays and shortages in most of their

plies arriving at wholesale distribu-tion houses were up to six hours late and more than three hours late

Reaction to the paper was mixed

Mr Roger Bowes, chief executive of Express Newspapers, a paper 3 Copies of the colour tabloid pub- with the most to fear from Today, lished by Mr Eddie Shah were unavailable in some parts of England a rival to be taken seriously. However, he found the first issue disap-

> "It looks just like a free sheet," he which The Star was running every day was better quality.

Helen Hague writes: Mr Robert Maxwell, the publisher of several UK titles, yesterday announced plans to shed more than 300 jobs at the Daily Record and Sunday Mail, his two Scottish newspapers. He also set a 17-day deadline for unions to agree to the cuts.

Plans to print a new Irish edition of the Daily Mirror on Daily Record presses to counter the circulation drive of the Sun newspaper, launched by News International, have been abandoned.

Announcing the 30 per cent job cut package, Mr Maxwell blamed union failure to reach agreement on

Mirror as an excuse to provoke confrontation and pave the way for redundancies.

The publisher also plans to form two new companies to take over the running of the two titles. In doing so, he will split the printing and publishing functions of his Scottish titles - a move which he has already carried out at Mirror Group

In the north-east of England sup-

new working practices. Journalists at the papers accused Mr Maxwell of manufacturing a dispute over the Irish edition of the

On Monday Mr Maxwell failed to win a High Court injunction ordering the NUJ and Sogat '82 to lift their "blacking" order on the proposed Irish colour edition he wanted to produce from Glasgow. The workforce has continued to work to contract and carry out their normal

Norton Opax bids for McCorquodale

and acquisitive printing and publishing group, yesterday lodged a Ellom bid for McCorquodale, the printing and packaging group more tion — most notably Sir Joseph

stinging attack on McCorquodale's from 5.8m in 1982 to 31m today. Mr recent performance and its account- Hanwell said that one-third of ing policies, and also by a Norton growth had been organic. profit forecast of £5m (for the year to March 31) an increase of 127 per ties with the Office of Fair Trading

company, although an increasingly common feature of recent bids, was emphasised by Mr John Wood, McCorquodale chief executive, who said "it smacked of cheekiness" while formally rejecting it as "un- ordinary shares and even new consolicited and unwelcome."

NORTON OPAX, the fast-growing McCorquodale recorded profits of

than twice its size in terms of sales. Causton and Sons - and the num-The bid was accompanied by a ber of shares in issue has increased

The bid may face some difficulas a joint company would have a 45 The smaller size of the bidding per cent share of the UK cheque printing industry and 40 per cent of the lottery ticket market. Norton Opax is, however, confident that it will not be a problem.

The offer of 24 new Norton Opax vertible preference shares for every Nevertheless, Norton Opax's ag- 20 McCorquodale shares (with a gressive new management team cash alternative of 191p) values headed by Mr Richard Hanwell, the chief executive, has, since 1982, increased turnover from £6.7m to improved if the bid is to be successclose to £70m this year, and pre-tax ful. McCorquodale closed 12p up at profits from £140,000 to near £5m. 222p, while Norton Opax fell 2p to in the year to September 30 1985 143p.

Government faces two more by-elections

Matthew Parris to leave parliament

Mr Spence represented Ryedale in North Yorkshire and Mr Parris Derbyshire West. Though both constituencies were considered Conservative strongholds, the Social Democrat/Liberal Alliance could be in a position to make a determined challenge at the by-elections. A third by-election is also pending in Fulham, west London.

Mr Spence, who died in York af- Mateos. ter heart trouble, had a majority at the last general election of 16,142 with 59.2 per cent of the poll. The Liberals had 30.5 per cent and Labour 10.3 per cent. Mr Parris, who says he will be giving up his seat "as quickly as possible" had a 15,325 majority, taking 55.9 per cent of the poll, with the Liberals on 27 per cent and Labour on 17.1 per cent. □ ROLLS-ROYCE has won a contract worth more than £22m to supply RB-211-535 jet engines for two

ordered by Royal Nepal Airlines. The aircraft are due for delivery in September 1987 and in 1988, with a third aircraft on option for delivery in September 1991, Royal Nepal is the eighth airline to buy the RB-211-535 in the 757 aircraft. ☐ MR CHRISTOPHER TUGEND-HAT, 49, a former EEC Commis-

sioner and writer on the Financial Times, is to become the next chairman of the Civil Aviation Authority, succeeding Sir John Dent who retires this summer. Mr Tugendhat will take over the

chairmanship of the CAA on June 1 but is joining the authority immedi

THE GOVERNMENT faces two of office. He was with the FT from more by-elections in Conservative—1980 to 1970 and then became a held seats with the death of Mr Conservative MP. He was appointed a Euro Commissioner in 1977. later becoming a vice-president of

the Commission.

□ JUDGMENT WAS reserved in the High Court yesterday on the claim by Williams and Humbert, an English subsidiary of the expropri-ated Spanish Rumasa group, for a ruling that the trade marks for Dry Sack sherry were wrongly transferred from it to a Channel Islands company controlled by Rumasa's founder, Mr José Maria Ruiz

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Mitsubishi. We're bigger. And quite frankly, better. As one of the largest business groupings in the world, our expertise covers computers and chemicals, semiconductors and satellites, precision instruments and finance. The Mitsubishi tradition of technical innovation spans 7 decades. Our resources and R & D capability are truly colossal.

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Integrating business systems will take time, but in the end you'll see the benefits.

word will undoubtedly meet your eye.

Integration.

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Unfortunately, you're going to have to look somewhat harder, to see what your company will gain from this 'new communications revolution? You'll have to delve a little deeper for the facts.

The point is, in addition to picking up the telephone, many more office workers are learning to use computers. They're becoming familiar with all manner of electronic office equipment.

Manufacturing is becoming much more automated.

Finding the right support for a weighty problem.

Methods of collecting information, sharing it with colleagues, agreeing business plans and forecasts, are neither efficient enough, fast enough or clever enough, to cope with all the data now available.

But neither is it good enough, just to talk about the need to integrate telephones with computers and word processors.

"All your company needs is a Local Area Network, Sir!"

Not necessarily. There are no simple answers. Some equipment, some of you may

INFORMATION MANAGEMENT

Open the pages of any business news- have already discovered, just will not consequently more innovative, decision paper (this one is no exception), and one integrate. Small wonder then that some making. workers are more than a little reluctant to change the way they work.

> This is where we come in. At ITT, we recognise the enormity of the task.

> We've been dealing with this problem long enough to realise that proper integration, real interworking, will take time.

> That doesn't mean you can't start this minute.ITT have already developed a broadly based range of hardware and software. It's called OFFICE 2000.

> The name might not mean a lot now, but the idea will.

> OFFICE 2000 (our word for information management), aims to provide a system, whereby any future equipment will interwork, and be compatible with the equipment you've already got. (Good news for the Financial Director, bad news for the used equipment dealer.)

Your present equipment, wired for the future.

An attractive proposition. But the real beauty is you'll have far more productive use of all your electronic office equipment.

You can distribute information faster. You can cut out unnecessary meetings.

You can have electronic mailboxes to leave messages for all those colleagues who are always out. And you'll be able to involve more of those colleagues for better, and

All this means increased efficiency. Which means increased productivity. Which means increased profit.

"Sounds good in theory, but why should I choose ITT to put it into practice?"

Billions in investment and a wealth of experience.

With a hundred years in telecommunications and information management worldwide, we've had plenty of practice.

And isn't it better to use a communications based company for a communications problem, than a data processing firm?

OFFICE 2000 is the result of ITT's \$1 billion a year investment into research and development. Proof enough of a real commitment to this area, and the resources to supply the service well into the 21st century.

Right now though, all we're asking you to invest in is the price of a postage stamp, for our OFFICE 2000 information pack.

But send for it now.

The sooner your information management is integrated, the sooner you'll enjoy the advantages.

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Unions draw lessons from miners' strike

WE HAVE been through a hell of a hard time," said one senior Trades Union Congress (TUC) leader. "I keep thinking when do we get back to normal? But then I think this is normal now." A hard time the TUC and the unions have had of it in the 12 months since the miners marched back to work a year ago today, writes Philip Bassett, Labour

prophecies of the imminent demise ers, the railwaymen and the minof the trade unions. If the miners ers, Fleet Street printers were one went down, who else could resist? of the few powerful groups left to News International's dispute at tackle. Wapping, east London, over the transfer of the group's national newspapers from central London to out as an inevitable result of its challenge of Mr Arthur Scargill, the the new high technology plant and the dismissal without compensation of over 5,000 workers seems to conshould have been taken," said Mr operation of Mr Eric Hammond,

THE SACKING of 5,500 print workers employed by Mr Rupert Murdoch's News International newspaper group was "an act of savagery unparallelled in British industrial relations," the House of Commons has been told, writes Kevin Brown.

Mr Ron Leighton (Labour) accused Mr Murdoch, publisher of The Times, the Sun, The Sunday Times and News of the World, of "exploiting, twisting and manipulating" industrial relations law.

The sacked print workers, members of the craft unions Sogat '82 and the National Graphical Association, had been deliberately provoked

the miners' strike seemed to hold

Norman Willis, TUC general secre-leader of the electricians' union, the crucial not to legitimise a strike but tary, "but I certainly don't think it has been a certainly don't think it During the strike there were firm that view. After the steelwork- Norman Willis, TUC general secre-

> The TUC rejects the idea that the outcome of the strike has forced the The cataclysm, however, which unions into two camps - the insurgent, revolutionary class-based

into striking so they could be sacked without redundancy pay, be said. They were the victims of a carefully-laid plot to deprive them of their living and transfer publication of the News International titles from Fleet Street to Mr Murdoch's fortified printing plant in Wapping, east

Mr Leighton, a Sogat-sponsored MP and former News of the World printer, said the Government should make clear whether the right to strike still existed in circumstances where workers could be dismissed without compensation while taking industrial action.

to show it was supportable, let

On government money for bal- alone sustainable. A ballot is now lots, on single-union deals, on Wap- first base for a union leadership ping, on strike-free arrangements, the EETPU has in the wake of the Even losing a ballot can be valuminers' strike remapped the union able. Both Mr Jimmy Knapp of the ground. Much of the thrust of trade National Union of Railwaymen and unionism since the strike has come from the electricians.

The miners' lack of a ballot was

Unemployment has been a factor. The size and influence of unions has been reduced, forcing leaders to communicate more with members, and represent them more closely. After some years of flabbiness, representation has become unions' dominant theme.

themselves and their unions when

ballots lost, they acknowledged the

result and stuck by it.

Since the miners' dispute, the focus has not been the strike. Instead, the focus is on the form of the campaign - winning first the members' hearts and minds, and from and through them, those of the public.

That is very much the line of the print unions in the Wapping dispute. Its outcome may well prove how valid a technique it is for other Mr Tony Dubbins of the National Graphical Association were seen to have increased the standing of unions to deploy.

Consultant pulls out of Star Wars tour of companies

BY PETER MARSH

UK companies and leaving behind a up and had cancelled his reserva-

pean or consumants visiting European companies interested in participation in the \$26bn SDI programme, also known as Star Wars. One of his briefs was to investigate technologies that might have to be classified to stop constitute ideas. classified to stop sensitive ideas tagon's arting assistant deputy un-

transferring to the Soviets. After visiting companies in France. West Germany and other countries in continental Europe, Mr Robinson had been due to start a four-day tour of Britain on Monday. Details of his visit had, however,

hurriedly recalled to the US.

journalist specialising in coverage the study for the Pentagon.

MR CLARENCE "Robbie" Robin of Star Wars technologies for Aviason, a consultant visiting Europe on tion Week and Space Technology, a a Pentagon-sponsored study to look respected US weekly magazine. He at technology-transfer issues relat-ed to the Strategic Defence Initia-hotel from Monday night until totive, returned to Washington yester-day, abandoning a planned tour of that Mr Robinson had not turned

trail of confusion.

Mr Robinson had been leading a Mr Robinson is based in Washteam of consultants visiting Euro- ington, where he runs a consulting

More UK news on Page 12

led to fears that British companies der secretary for defence in charge collaborating in the programme of technology transfer, said yestermight have to be subjected to security procedures that would impede ed and he (Mr Robinson) is coming commercialisation of technologies back." Coi O'Connor said he did not want to discuss details of Mr Robinson.

related to Star Wars.

It appears that due to the publicity – and a flurry of telegrams between London and Washington in the results of the tour to the Instiwhich the UK Government request- tute of Defence Analaysis, a compaed further details of the proposed my in Alexandria. Virginia, which is visit to Britain - Mr Robinson was working for Col O'Connor. A second Mr Robinson was formerly a ville, Maryland, is also involved in

Government urged to boost satellite TV

BY RAYMOND SNODDY

the Independent Television Companies Association at the Financial designed to help European producTimes Cable and Satellite ers resist American competition. Conference.

"A policy of drift will ensure an deregulation which would allow open field for international entre- anonymous satellites to import propreneurs, the media captains who grammes and export advertising may ultimately reduce national revenues.

During last year's efforts to get a a genuine European production.

British Direct Broadcast Satellite Mr Giraud said. (DBS) venture going "everything had been up in the air except the satellite." Unlike major competities said RT was now prepared to

However, the plan by the independent television (ITV) stations for a "SuperChannel" cable service Programme Television (ITV) television (ITV) stations tems."

Plowright said.

Mr John Jackson, chairman of Direct Broadcasting Ltd which plans to apply for the British DBS franchise, chaired the opening session. Mr Jackson said he believed the cable was still very localised it was the advent of DBS would stimulate the beginning to spread steadily in the the building of cable systems

Bavarian Broadcasting Corpora- ational and 10 national programme tion, warned that it was a danger- channels provided. the new media entrepeneurs.

"I see an ever developing role for rope," Prof Scharf said.

as a safeguard to ensure variety Channel, and diversity to protect programme patterns not necessarily depending on commercial success. There would be no audiovisual Klondike in Europe and only a few of the new commercial channels would

The new programmes should supplement, not displace, existing pub.

Clemens said.

Mr Charles Bonan, managing dilic service broadcasting. But the rector of Turner Broadcasting Insystem was to starve it.

rector of Screen Sport, a cable weapons.

sports channel, said the Govern- What was feared most was the

long-term capital projects attrac- ation of restrictive advertising

AN APPEAL to the Government to Mr Alain Giraud, technical edvishelp Britain catch up in satellite er to Mr Louis Mexandeau, the television, even if it meant state in-restment, was made yesterday by tions Minister. said the opening up Mr David Plowright, chairman of the new French media to Euro-

France was opposed to any wild

public service broadcasting to the "By opening its new media to the level of poverty subsistence on an most innovative entrepreneurs in arts council grant," said Mr Plow- Europe, France gives them the opright, who is also managing director portunity to reach the critical market size necessary for the growth of

tors, British companies in the advanced electronics industry could not rely on financial support from vices, said EI was now prepared we consider backing channels which helped to fill gaps in the range of services available, "in order to safevices, said BT was now prepared to guard and exploit our very considerable investment in cable sys-

to Europe was the broadcasters rewould have to be financed by a mixture of all the available means subscription, advertising and sponsorship.

the building of cable systems. UK.

Prof Albert Scharf, president of Investment of \$500m was expectthe European Broadcasting Union ed over the next three years. Seven and deputy director general of the

ous deception to see public service Mr John Clemens, managing dibroadcasters as bulky and clumsy rector of AGB Cable and Viewdata dinosaurs about to be killed off by and Mr Bruce Roberts, research manager at Sky Channel gave a "I see an ever developing role for joint presentation on a study con-public service broadcasting in Eu- ducted in 11 countries in 6 lanrope," Prof Scharf said.

It would be increasingly needed 12.5m people could now watch Sky

> In one week, a total of 4m people watched Sky at some time. Over two weeks this figure grew to 5m and across a three-week period more than 8m Europeans watched at least one Sky programme, Mr Clemens said.

revolution was taking place with Mr Bob Kennedy, managing di-satellites and programmes as

ment had to realise that real incen- loss of cultural boundaries and na-tives for investors in cable were tional economic balances. Yet viewers were hungry for new program-What we need is a short-term tax ming and the key to future funding incentive to make investment in would have to come from the relax-

Labour calls for action against insider dealing

BY PETER RIDDELL, POLITICAL EDITOR

A CALL for reassurance that action aware of this development and are would be taken against insider deal-concerned about the difficulty in ob-

In a letter to Mr Paul Channon, the Trade and Industry Secretary, Mr Gould referred to a report in yesterday's Financial Times that insider dealing was taking place on a large scale to offshore companies controlled by UK professionals and

ing came yesterday from Mr Brian taining the necessary information Gould, the Labour Party trade to charge those responsible," he "A failure to take effective action

would gravely damage the reputation of the City at a time when it is painfully trying to set its house in "If London's reputation is not to

be tarnished yet again, it is essen-tial that the rules are changed speedily and effectively so as to re-"I understand that both the Stock quire disclosure of those who are in-Exchange and your department are volved," Mr Gould added.



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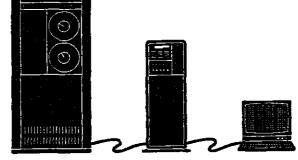
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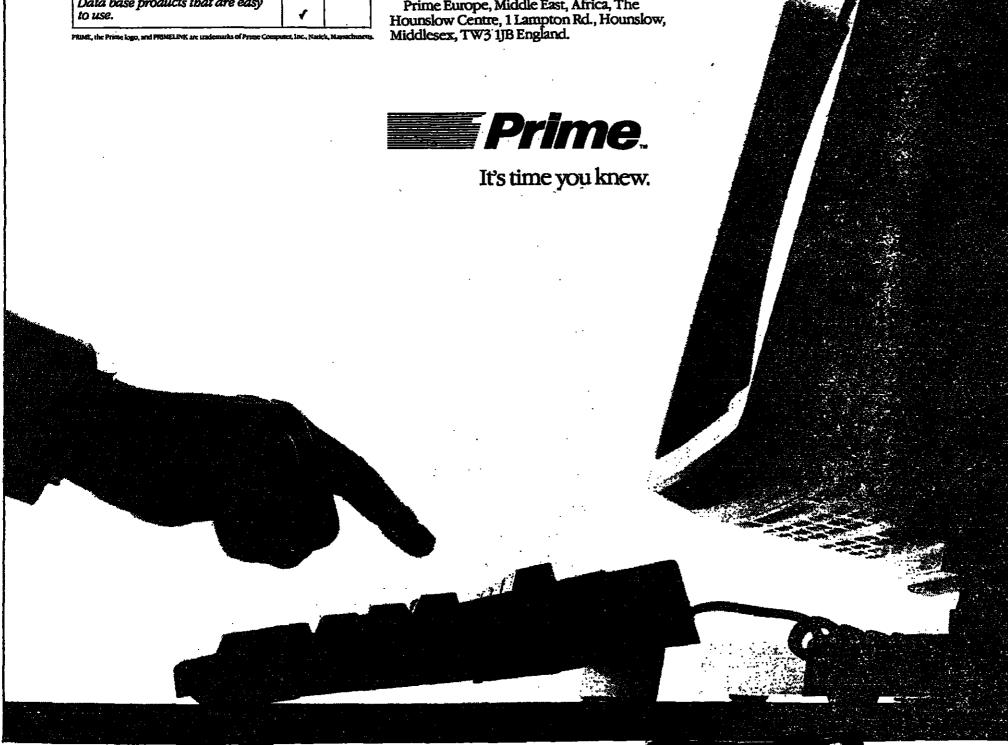
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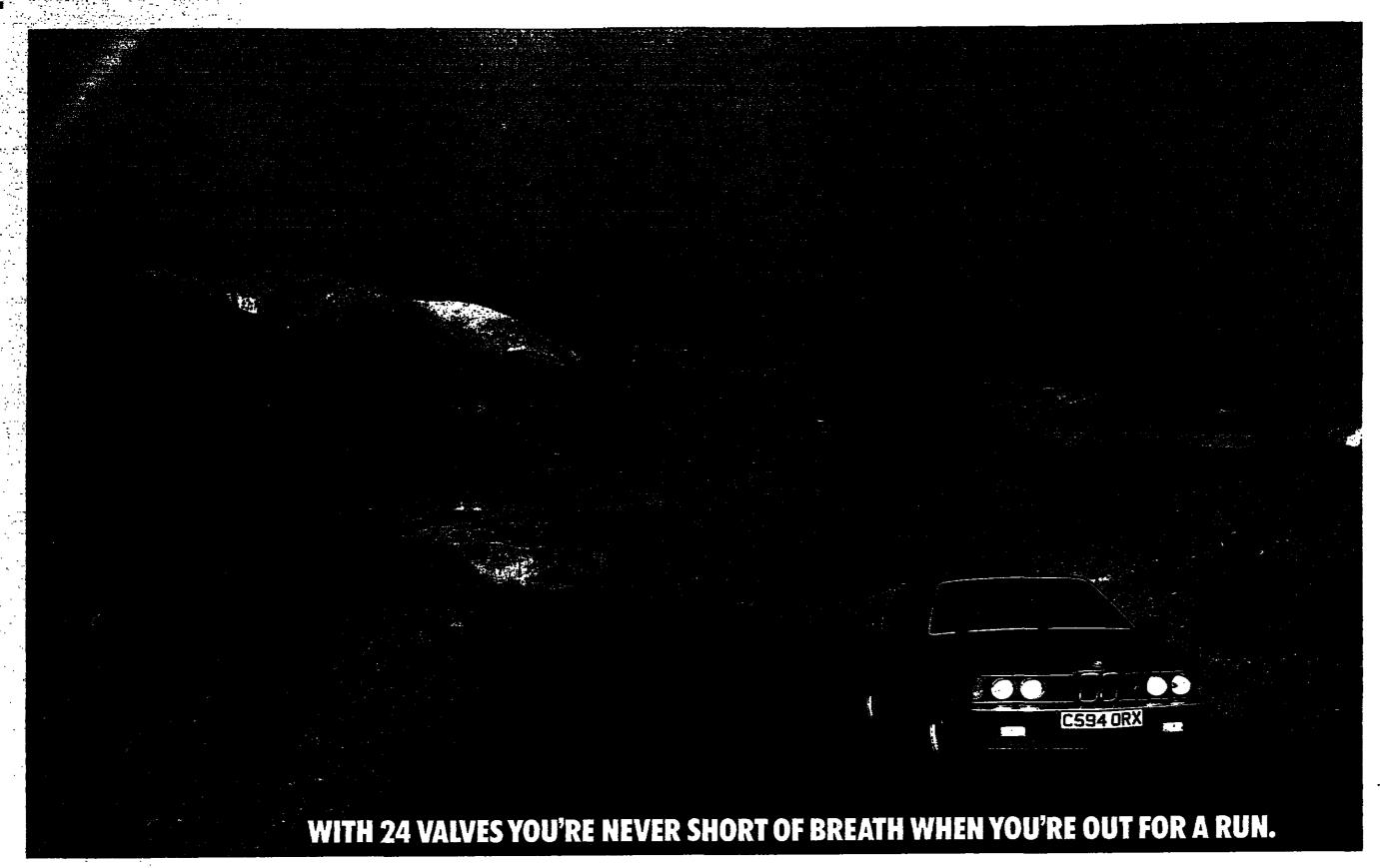
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The BMW M635CSi is, without question, a world-class sprinter. From the starting block to 60 mph takes only 6.1 seconds.

It's also miles ahead as a long-distance runner: at 70 mph, it has a range of over 350 miles.

The credit for this phenomenal sporting ability lies under the bonnet: a 3.5 litre, six-cylinder, 24 valve engine that outperforms any V8 or twelve cylinder of the same capacity.

The extra twelve valves mean it can, literally, breathe more deeply and more efficiently.

For each cylinder, two inlet valves draw a greater mixture of air and fuel into the combustion chamber. Since the spark plug can be placed centrally, combustion is more complete than in two valve engines; and with two exhaust valves, the process is quicker.

(As with other BMWs, the exact mixture and ignition timing are continuously monitored by computer.)

The M635CSi is not the first 24 valve BMW.

The other two, however, were primarily racing cars. (The winged 3 litre CSL 'Batmobile' and the legendary M1.)

Although the M does stand for Motorsport, the M635CSi has been built for the road: the high street as much as the motorway. (There's so much torque that third gear is flexible enough to perform perfectly from 20 mph up to 100.)

Of course, a car that delivers a massive 286 bhp at 6,500 rpm calls for some refinements.

The BMW Motorsport Division has given this 6 Series gas-pressure shock absorbers, up-rated springs, and to help it stop as quickly as it goes, large-diameter disc brakes controlled by BMW's antilock system.

With accurate and responsive power assisted steering, the ergonomically designed 'cockpit' and leather seats, you clearly don't need to be an athlete to drive the M635CSi.

But at £35,450, you will need a healthy bank balance.

THE ULTIMATE DRIVING MACHIN

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TECHNOLOGY

COULD YOU use a portable welding system, or novel gas detection sensor or a new type of diving suit? If so, Defence Technology Enterprises (DTE), a company in Milton Keynes that is trying to commercialise technologies from Britain's defence research establishments, would like to hear from

All three ideas emanate from work arising from Britain's military research and development budget of some £2hn a year. This accounts for 27 per cent of the country's total spending on research, a far higher proportion than in vir-tually all other Western coun-tries except France and the US.

Concern that this large sum produces only small returns in terms of commercial products led Government ministers, from Mrs Margaret Thatcher downwards, to ask the financial community to find ways to transfer defence technology to civilian

Peter Marsh on how defence innovations are being exploited

Military ideas for civilian use

Since November, about companies have become associate members of a technology club that DTE organises, for which they pay an annual sub-scription of £500 to £2,500 depending on their size. In return the companies obtain regular up-dates on the technologies DTE uncovers from the Defence Ministry.

So far, DTE has drawn up a list of 200 technical ideas which look commercially promising. They include equipment to grow crystals and to measure the strength of textiles, infrared sensors for applications in

All the presence of the Admiralty Electra Investment Trust.

Technology Group, Citicorp, Electra Investment Trust.

Tobert Fleming and Prutec.

Wilton Keynes company

Technologies

Defence

The control of the 2500m for a pear which the ministry learned to the control of the 250m for a pear which the ministry learned to the control of the 250m for a pear which the ministry learned to the control of the 250m for a pear which the ministry learned to the control of the 250m for a pear which the ministry learned to the 250m for a pear which the 250m for a ministry's bureaucracy and employs a full-time employee, desire for secrecy, corrs which called a "full-time employee, called a "full-time employee, but desire for secrecy, corrs which called a "full-time employee, called a "full-time employee, called a "full-time to decide which techniques looks suitable nologies infiltrating into civillan for exploitation and also to approval from



ministry for publicising the details. The ministry can withhold permission if the technologies have not been patented or corrern national security. logies have not been patented or concern national security.

DTE has managed so far to transfer to the civilian sector one technique, a computer program called Malpas which checks the reliability of complex military software, for radar equipment for example, but could also have uses in analysing complex software.

The commercial equipment in commercial equipment in commercial equipment.

fit the technology for a wider application, says Mr Bernard Herdan, an ex-European Space Agency engineer who is DTE's managing direcwind is offer instances, a com-pany may have to spend significant sums to develop a technology for a civilian market. Several other companies are

keen to exploit technologies which DTE has publicised. The British subsidiary of Ampex, a US company which makes specialised tape recorders, is interested in new recording techniques for equipment intended for both military and

civilian use.

Hilger Analytical of Margate, which produces specialised chemicals, and Lux Traffic Conchemicals, and Lux Traine con-trols of Malmesbury, which makes traffic lights, are interested in the materials tech-nology and software that DTE has to offer.

Mr Laurence Lux, chairman of the Malmesbury company, which has annual sales of £2m, says that knowing the correct people to talk to about innova-tions in defence technology is tions in defence technology is often difficult for a small concern. Mr Lax's company is developing traffic lights which switch on and off in response to the positions of vehicles.

If DTE operates as expected, the taxpayer should be among the beneficiaries. When it arranges a deal with an asso-ideas.

US record in transferring military innovations to the civilian sector. With this in mind, DTE says it hopes to arrange secondments of scientists from Defence Ministry research establishments to companies which may be interested in taking up their ideas.

checks the reliability of complex software.

The company has arranged a licensing deal under which Rex.

Thompson and Partners, a soft-

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ciate, DTE will hand over to the ministry a lump sum—typically £10,000 to £100,000—and possibly a royalty on future sales. In return, the Milton Keynes concern will gain a share of the associate's profits on selling the technology.

DTE hopes to license 10-20 technical innovations a year. Mr Mark Burrell, chairman of DTE who is also managing director of Lazard Brothers' venturecapital division, says it is too early to judge how well the organisation will perform. It hopes to move into profit in three to four years.

Besides hoping to make technology money from technology transfer, DTE's investors think from that dealing with defence innovations may lead them to spot opportunities in financing new and fast-growing com-panies, says Mr Burrell. DTE will not be deterred from arranging licences with foreign companies but will "look British first," he says.

It is widely believed that more ideas from the UK defence research community would reach the commercial market place if individual researchers moved jobs more frequently. According to observers, the greater job mobility in the US leads more defence scientists to seek work in commercial com-

panies, resulting in the better US record in transferring mili-tary innovations to the civilian

Optical threat to magnetic disks

MAGNETIC DISK data recording in computer sys-tems will continue to grow in Europe at 30 per cent a year at least until 1989, when the erasible optical disk should start to have an impact

on magnetic system sales.

Some 9.5m magnetic disk drives worth \$4.5bn were sold in Europe in 1985 and predicted sales for 1986 are 12m units worth \$5.2bn.

anits worth \$5.2bn.

A new report from Frost and Sullivan (F&S)* emphasises that there is a good deal of mileage left yet in magnetic technology, as developments like thin film heads, plated media and vertical recording push up recording capacities by cramming more data on the same size disks.

size disks.

Most of the optical recording systems on the market are non-erasible and have there-fore been mainly used where there is need to refer to fixed data that needs no updating. Erasible material and systems are in development in Japan and the US, and F&S expects

and the US, and F&S expects commercial products to appear this year or next.

They "could well erode a significant slice of the Winchester market by 1989" says the report, because their recording density is 10 to 12 times that of magnetic disk products.

"Magnetic Disk Drive and

*Magnetic Disk Drive and Controller Market in Western Europe. Frost and Sullivan. In London on 01-935 3190 or New York on (212) 233 1080.

OPTICAL FIBRES will have an even higher capacity for transmitting information and should be required in smaller quantities in cables, following ent of a 40-channel



Newfler Houses, £2-66 Hapley Road, Edybeston, Brumangham, B16 5972. Telephone 021 455 7277 Telephone 031 455 7277 A Selected Automoti Europeans Group Company

Northamptonshire

Present optical fibres usually carry a very pure, single wavelength (colour) of light, switched on and off rapidly in special ways to transmit any kind of data—speech, music, pictures, computer data.

The Plessey development uses five variants of light emitting diodes, each covering a spectrum which is split into eight single wavelengths by a technique called "optical



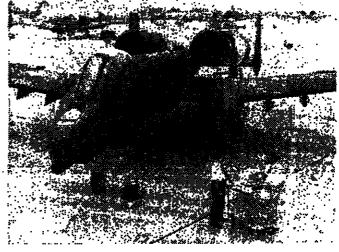
slicing." This yields different, single wavelengths, which can be separately modu-lated with data. The technique is the optical equivalent of frequency division multi-plexing (FDM) in electrical transmission, where many radio frequencies are sent down a line at the same time, each carrying information.

LIQUID SOAP production time has been reduced by 91 per cent using a cold neutralisation process developed by London Soap and Chemical Company (0689 31471).

Traditionally, liquid soap is made by neutralising fatty acids at temperatures between 70 and 80 deg C, involving considerable expenditure of energy and up to four hours'

energy and up to four hours' cooling time. The new process takes

place at room temperature, without additional heat input and allows transfer to storage tanks only 20 minutes after the process is complete. Pro-duction capacity has been increased 2.5 times.



GENERAL ELECTRIC COM-PANY is developing a proto-type "expert" computer program to assist US Air Force maintenance personnel in diagnosing jet engine mal-

The software, which will mimic the reasoning process of expert jet engine mechanics, will also be able to predict when parts in engines should be replaced to enhance fleet readiness.

The system will run on a personal computer, and the software development project is aimed at upgrading main-tenance of GE TF-34 engines aboard A-10 tactical aircraft, such as that pictured with the engine trouble-shooting equip-

COMPUTER AIDED elec-tronic design and engineering systems have been added to the product range offered by Intergraph, the US-based company which last year moved into second position behind IBM in the computer-aided design (CAD) sales league.

league.
Intergraph has previously concentrated on design sys-tems for the mechanical engineering industries. The new systems cover the design

of printed boards, thick and thin film hybrid circuits (in-cluding surface mounted com-ponents), semi-custom cell design for chips, circuit simu-lation and testing.

The software runs on the

company's 32 bit engineering workstation and on VAX super-minicomputers. More on 0635 49044.

GAS FIRES are being designed by computer at Baxi Heating of Preston, using computer-aided design (CAD) equipment worth \$0.53m from Applicon (UK), part of the Schlumberger Group.

Baxi's main incentive to move to CAD has been the static market for gas fire and saw a need to introduce a more diverse range of pro-ducts to stimulate sales. Conventional new product

development methods were costly and lengthy. With CAD, the need to produce five or six progressive hand-made solid models over perhaps five months has vanished. The engineers can on the screen and change designs with comparative ease and speed.

A window on other TV channels

TELEVISION SCREENS are taking on a new look with Multicontrol, a TV receiver technique that produces "windowing." Special chips inside the set, mean a viewer can touch a remote control box to produce a little picture in the top right hand corner of the screen showing what is on any other channel, or a picture from a closed or a picture from a closed circuit camera elsewhere in

Alternatively, data from the home computer can be studied while monitoring a TV channel in the window. The set will cost £899. More on 0268 27788.

LASER PRINTERS able to deal with 8,800 feet per hour of roll or fan-fold paper (about 200 pages of A4 per minute) have been introduced by Siemens.

The machines have a

resolution of 240 x 240 dots per square inch with four standard character founts, expandable to 64. Siemens claims a 50 per cent share of European market in high speed laser printers. More on 09327 85691.

SATELLITE TELEVISION dish aerial/receiver units are to be supplied to Thorn EMI Ferguson by Satellite TV Antenna Systems of Staines, one of the first companies in the UK to demonstrate off-air pictures (from the Russian

pictures (from the Russian Gorizont craft).

Mr Peter Gray, managing director of Staines company, which is making units at its Powys factory, believes High Street retailers will be stockink the dishes by the spring. The value of the contract is not disclosed. not disclosed. PRINTED CIRCUIT boards

with dimensions up to 15ft x 5ft, believed to be the world's biggest, are being made available from Buckbee Mears in the US by Steatite Group of Birmingham (021 454 6961).

Such bearls are needed for

Such boards are needed for example, in the manufacture of microwave radar aerials. They are produced by fine line metal etching on rigid or flexible laminated boards made from a variety of metal foil and insulating layers.

APPLICATION-SPECIFIC in-tegrated circuits (ASICs) are the subject of a joint development agreement by National Semiconductor and Xerox. The ASIC is a "chip" on which electronic components

and circuits are intercon-nected to suit the application needs of the customer and are a small but growing segment of the chip market.

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Torture on the North Atlantic.

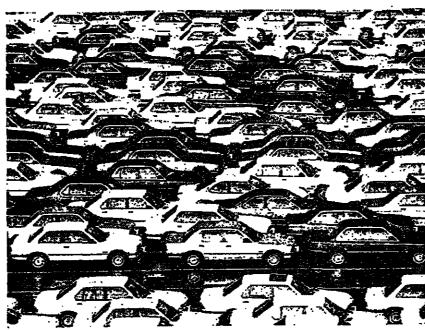
o your computers work at sea?
Not long ago, the Wallenius Lines of Sweden asked Sperry this question.

A Wallenius ship carries almost three quarters of a million pounds worth of spare parts. Onboard computers would free some of this capital and rationalise maintenance.

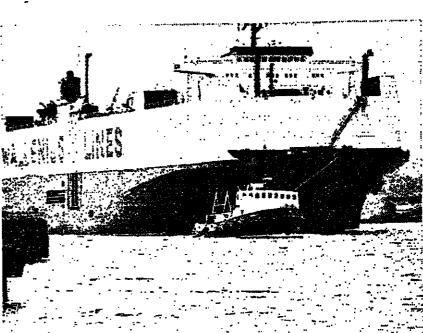
But not any old computers. Wallenius wanted a system that allowed the crew to generate their own applications, and that could be serviced in Japan, Europe and North America. Their choice: Sperry's Mapper system.

The question remained, could the Mapper hardware and software survive an Atlantic winter storm?

It became Sperry engineer Mats Lindfors' job to find out. And he did. The hard way



1. The Wallenius Lines ship vehicles. 800,000 cars, trucks and other wheeled cargo a year on 30 ships make them the world's fourth largest company in the business.



2. The biggest Wallenius trade routes are Europe
— U.S.A. and Japan — Europe. The value of
one RoRo ship with a full cargo is a staggering
£90 million.



3. At midnight on January 19, 1984, a Wallenius ship left Gothenburg, Sweden, with Mats Lindfors and a Mapper computer onboard. Destination: Port Elisabeth, U.S.A.

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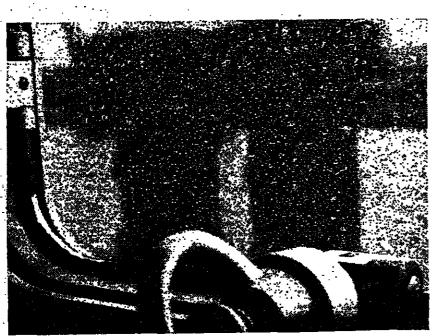
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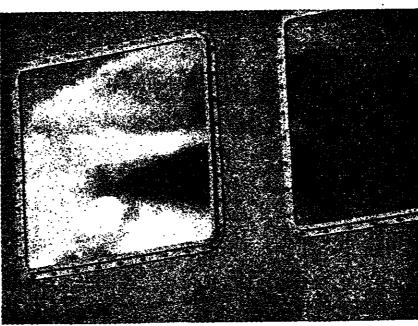
4. "It was going to be a critical first Atlantic crossing for both me and Mapper," says Mats Lindfors. "The outcome would determine the sale of 13 computer systems."



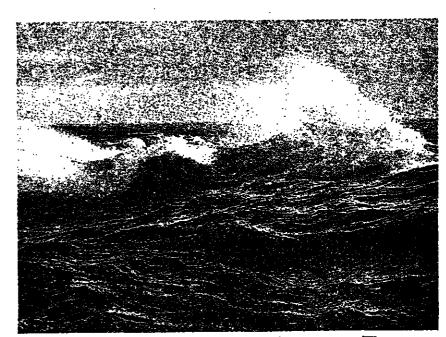
5. Docking in Rotterdam put the computer through its first ordeal. The bow propellers dimmed the interior lighting, but Mapper didn't seem to notice.



6. Salt and damp didn't bother the Sperry equipment either. Nor did the ship's vibrations. Mats Lindfors ran his daily test programs, unaware of what lay ahead.



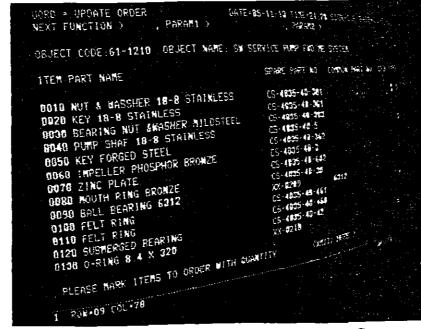
7. Soon the wind picked up and the Atlantic grew mean. The ship began to pitch and roll. On the third day, the storm reached force 11, close to a hurricane.



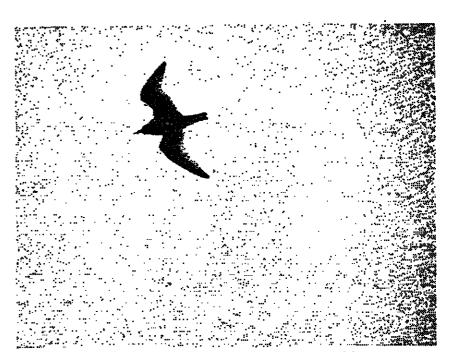
8. 55-knot winds whipped up 40-foot waves. The autopilot ceased to function. In his cabin Mats Lindfors lay stricken by seasickness.



9. The only one to ride out the storm unmoved seemed to be Mapper. Wallenius signed the Sperry order and a hectic period of development work and crew education began.



10. Today, a third of the crew works with the Sperry system onboard ship. Mapper lets them go on building and trying out new applications without having to be programmers.



11. Wallenius are first in the world with a shipbased, multi-user computer system. The next step: Sperry ship-to-shore computer communications via satellite.

Notice of Redemption

121/4% Notes due December 15, 1994

MOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated December 15, 1984 between Motorola, Inc. (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 6(a) of the above-captioned notes (the "Notes"), the Company has elected to redeem \$20,000,000 principal amount of Notes on April 11, 1986 (the "Redemption Date"). The recemption price shall be 101% of the principal amount of such Notes together with accrued interest (the "Redemption Price") to the Redemption Date, Warrants to purchase a like amount of 12% Notes of Motorola, Inc. due December 15, 1994 have been exercised.

On and after the Redemption Date, the Redemption Price will be paid upon presentation and surrender of the Notes to be redeemed, together with the December 15, 1986 coupon and subsequent coupons attached.

Accrued interest to the Redemption Date will be paid in the amount of \$197.36 per Note. On and after the Redemption Date interest shall cease to accrue unless the Company shall default in the payment of the Redemption Price.

Notes are required to be presented and surrendered for redemption at any of the following paying agencies:

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Chose Manhatian Bank Luxembourg S.A. 47 Boulevard Royal, CP 240 Luxembourg, Luxembourg

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Coupons which have matured prior to the Redemption Date should be detached, presented and surrendered for payment in the usual manner.

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March 5, 1986

QUESTION

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extension to his hotel. The highest is

twice that of the lowest and an exact

multiple of the current year. What is

the lowest estimate?

An Hotel Company Director

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14 APRIL 1986 For information about how to advertise and a copy of the synopsis, contact: Peter Highland

Financial Times, Bracken House, 10 Cannon Street London EC4P 4BY. Tel 01-248 8000 ext 3360. Telex: 885033 Details of Financial Times Surveys are subject to change at the discretion of the Editor

TUC attacks 'trade-off trend' with employers

BY PHILIP BASSETT, LABOUR EDITOR

THE TRADES Union Congress (TUC) yesterday sharply attacked some of the recent industrial relations practices of some of its unions such as strike-free deals and agreements which feature employee flexibility as a trade-off for high pay

and job security.
In what was in effect a major new statement on the role and function of trade unions now, Mr Norman Willis, TUC general secretary, reemphasised the need for unions to be mutually supportive.

Speaking in Coventry, Mr Willis

accepted that the recession had made unions less attractive to members – but he insisted that just as union ascendancy was exagger-

fronting the unions as the change in management attitude towards them - from neutral, or mildly encouraging, seeing collective bargaining and union-based collective problem-solving as valuable, to one in which this was under threat.

secure commitment and flexibility from employees in exchange for relatively high pay and job security. This is far too fashionable." Such a philosophy, based on suc- sion of localised strength."

cessful Japanese and US companies operating here - he named IBM as its major exponent - placed emphasis among workers on company loyalty, and either saw no place for unions, or saw them only as purely company-based.

Such developments made union recruitment, and union recognition, much more difficult: "The price of recognition - a single-union, noagreement with Japanese compa-nies - plus a legally enforceable agreement - may be too high a price to pay." He saw one major problem con-

Trade unions were considering how to organise in a hostile climate, but in what seemed to be a reference both to some of the Japanese industrial relations deals and to the present UK newspaper dispute, he criticised sharply "the danger of a

ment circles is now human re- sort of enterprise chauvinism that sources management' - seeking to encourages a retreat into isolation within each place of work and emerges too frequently to defeat. when a powerful multi-national company smashes through the illu-

> Mr Willis acknowledged that trade union solidarity action could not be taken for granted.

He insisted that though this facet of trade unionism had receded, it still lived on in such pledges as the union members were sacked at GCHQ, the Government's communications headquarters where trade unions are now banned, and would become potent once again when economic conditions became more

"sea-change," noting that the unions "did forget the dangers of in-flation in 1970s" but that as a result they had "paid a price that was heavy not just in percentage terms,

Large City salaries luring senior staff

Rejection by teachers'

SIR KEITH JOSEPH, Education at the end of this month. There will

union 'indefensible'

treasurers because of the large salaries now being paid in the City of

Companies are having particular problems in competing against the kinds of packages being offered by

These are some of the findings in a survey of executive salaries in 91 organisations reported in the latest quarterly review by the Top Pay Unit of Incomes Data Services (IDS), an independent pay research

It says that most companies are also reporting shortages of key pro-fessional staff in other areas, such as electronics engineering, data processing, accountancy (in some sectors only), retail purchasing

BY KEVIN BROWN

Secretary, yesterday launched a strong attack on the "appalling" be-haviour of the National Union of

Teachers (NUT), the only teaching union to reject the 6.9 per cent pay deal which has ended the 13-month

school dispute in England and

Sir Keith told the House of Com-

mons that the NUT was willing for its members to take salary in-

creases negotiated by other unions

while continuing its campaign of

disruptive sanctions in the schools. The union was also urging its

members to oppose talks on an ur-gently-needed new contract for

eachers. This was "an utterly inde-

The deal, agreed on Monday

evening, will give rises of 6.9 per cent backdated to April last year, with a further 1.6 per cent to follow

fensible position," Sir Keith said.

SOME manufacturing and service companies are finding it difficult to recruit senior finance staff such as quarter was 8.2 per cent, which was marginally higher than in the three previous quarters. By comparison, the latest IDS report on pay settlements for all workers shows a

> In the case of executive salaries, increases are lower for executives whose pay rises depend entirely on merit reviews, according to IDS. On average, their pay went up by 7.6 per cent during the last quarter.

The highest individual increase iound was 35 per cent, though IDS comments that this was exceptional. IDS also found two companies both in semiconductors, which have deferred executive pay increase because of the state of their order

Review 61. Top Pay Unit, IDS, 146 Great Portland St, London WIN 5TA.

be further talks at Acas, the Gov-

ture of the teaching profession.

eroment-backed conciliation service. These will deal with the struc-

Mrs Nicky Harrison, leader of the

employers' side, said she expected

to see a return to "complete peace" in the classrooms. Mr Fred Jarvis,

general secretary of the NUT, said he did not share that optimism. All

the deal would bring was a tempo-

Mr Martin Flannery (Labour)

said in the Commons that teachers

were still not being paid enough for the vast amounts of work they car-

ried out without overtime. Mr Flan-

nery, a former headmaster, said

teachers were returning to normal

working "embittered and angry

and he believed that a further dispute could break out shortly.

rary truce, he said.

Thatcher defends Sellafield

By Our Parliamentary Staff

THE GOVERNMENT was pressed in the House of Commons yesterday to close the Sellafield nuclear reprocessing plant, operated in Cumbria, north-west England, by British Nuclear Fuels, because of the recent series of radioactive

Mr John Hume, leader of the Social Democratic and Labour Party, asked Mrs Margaret Thatcher, the Prime Minister, at question time: "Now that you are getting a substantial radioactive leak a week, will you agree that public concern is now becoming public alarm, and there is now no alternative to closing the plant?"

Mrs Thatcher said: "No. The nuclear power industry has the best record of all the energy industries for safety. It would be as well if that were fully recognised by some of those criticising Sellafield.

The Prime Munister said she be-lieved people would be reassured by the safety audit being carried out at Sellafield by the Health and Safety Executive.

£100 airship trips to start

By Michael Donne

AIRSHIP INDUSTRIES, the UKbased but Australian controlled manufacturer of lighter-than-air craft, is to undertake a series of fare-paying passenger scheduled flights in one of its Skyship 500 airships.

These will be the first fare-paying passenger airship flights in Britain for nearly 49 years. Hitherto, ATs craft have been used on contract

The Skyship 500 will be based at Panshanger airfield, in Hertfordshire, and will make four flights daily over London, each lasting about 14 hours, between April 23 and May 31. The flights will cost

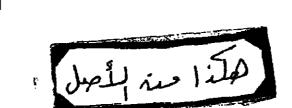
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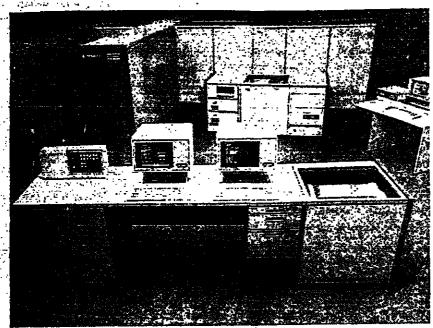


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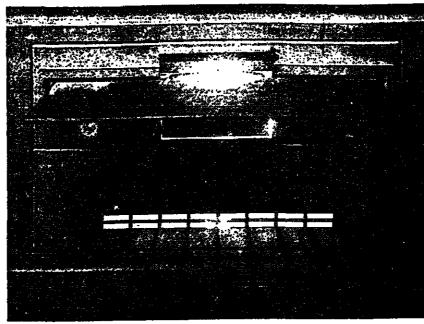
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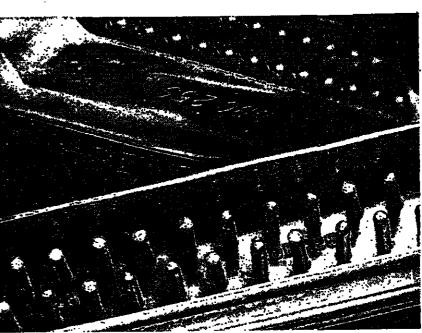
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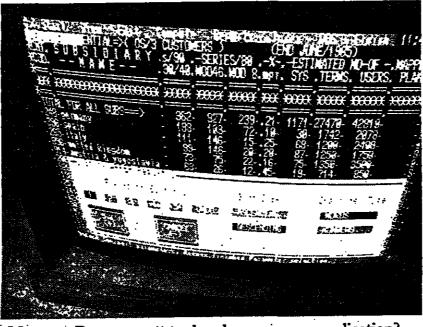
MICRO COMPUTERS. Our fastest growth – 58% last year – is in micro computers, from multi-user PCs up to supermicros more powerful than our smallest mainframes.



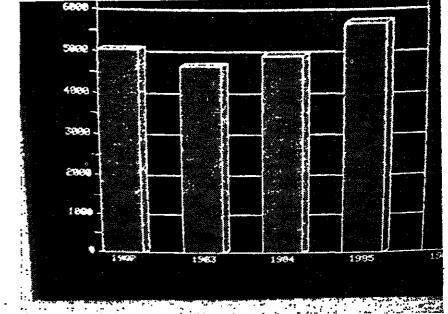
NETWORKS. Sperry built airline and bank networks as early as 1964. We can connect with small computers, big computers and even non-Sperry computers.



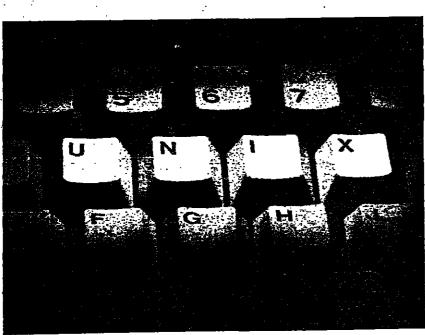
OFFICE AUTOMATION. In the overcrowded battle for the desktop, Sperry has already captured a significant share of the market for integrated office systems – more than most "specialists".



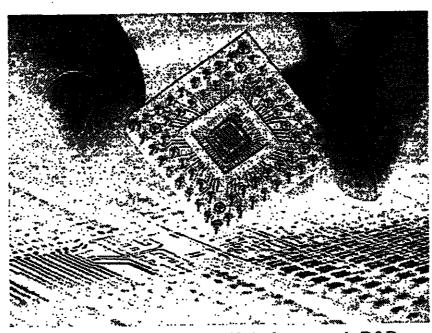
MAPPER. Do you want to develop your own application? This end-user language can turn you into a programmer in no time. 250,000 people around the world use it.



Financial Strengths. Orders and shipments of Sperry computers are at a record high. Over the last three years, our revenues grew by 50% and profits tripled.



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Eastern Air Lines

Falling prey to rigours of deregulation

BY WILLIAM HALL AND PAUL TAYLOR

another Chrysler Corporation, and Colonel Frank Borman, its chief executive, was being likened to Lee Iacoca, who rescued the troubled car company from the brink of financial

workforce. The debacle allowed Frank Lorenzo's upstart Texas Air Corporation to take control of one of America's most famous airlines at what is widely regarded as a bargain basement

of Texas Air, has left Wall Street, the unions and airline industry observers with one overriding question. Could Eastern have avoided its

The deregulation of the US airline industry has unleashed an unprecedented wave of price cutting, competition and consolidation which had pushed Eastern to the brink of bankruptcy before Lorenzo, one of deregulation's most ardent

advocates, rode to the rescue. The Eastern Air Lines, of which Borman took command in 1976 was a barely profitable industrial giant which like Trans World Airlines, American Airlines, Pan Am, and others, was being protected from effective competition by a plethora of rules and regulations which governed US air fares and route structures. When these were disbanded in 1979,

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and a history of hostile and counter-productive labour rela-tions. In a dramatic bid to save decade-long efforts to turn his airline Borman entered into around the Miami-based airline collapsed amidst bitter recriminations between the former for agreeing to substantial astronaut and his 40,000 strong wage and benefit concessions, Eastern's employees were given a 25 per cent stake in the com-

worker participation and power The humiliating takeover of sharing ideally suited to the Eastern, which is twice the size more hostile commercial environment in which US airlines now had to compete. For a while Borman's gamble appeared to be paying off. Eastern's losses shrank dramatically in 1984 and the first nine months of 1985 were the best in the company's his-tory. Eastern earned \$73.8m on James, president of the Wash-

> Borman told his workforce that there were three choices, management team could be A permanent reduction in the faulted for not controlling

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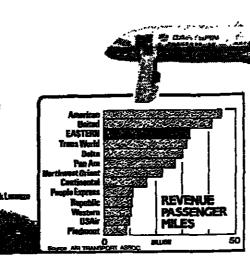
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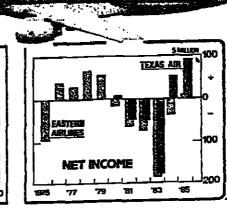
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Maverick high-flyer

FRANK LORENZO, the president of Texas Air, has built his airline empire by flying in the face of conventional wisdom. His bid for troubled Eastern Air Lines is a classic of its kind-bold, opportunistic and risky-typical of his reputation for aggressive entrepreneurship.

aggressive entrepreneurship.

Even before the Eastern bid, the boyish-looking 43-year-old street-kid from New York's Queens district, whose Spanish-born immigrant parents owned a Manhattan beauty parlour, was already fetted on Wall Street as a Spanish wizard feared and financial wizard, feared and sometimes rejected by the steeped in the industry as were some others who were wishing for a return to the good old days of regulation." says Wharton's Allen.

A year after he had taken greatly by falling interest rates and oil prices and may rat always be so lucky. The airline industry's old guard, and viewed with deep susplcion by the unions because of a "union-busting" reputation he claims is all

wrong. Lorenzo—a soft-spoken but hard driving and determined manager who traded Fran-cisco for plain old "Frank" —has always aroused strong feelings. Fortune Magazine once described him as a former "wide-bodied executive with a reputation for remoteness," but Lorenzo, who lost 45 lbs in 1984 to run the New York Marathon while attempting a similar meta-morphosis on his bankrupt Continental Airlines, appears unperturbed.

With the bid for Eastern he has emerged as the quintessential champion of a new breed of US airline chief executives riding the turbulent wave of deregulation. If the deal goes through he will the deal goes through he will control the biggest airline group in the US, comprising Eastern, Continental Airlines and New York Air—an indus-try giant he has assembled in

His passionate interest in airlines dates back to when he was 15. Following a trip to London, he bought stock in TWA. After working his way through Columbia University and Harvard Business School, driving Coca-Cola trucks and working in Macy's store, his first job was as an analyst in TWA's finance department, followed by a brief stint in a similar post at Eastern,

In 1966 he teamed up with Harvard Business School room-mate Robert Carney, pooling \$2,000 to form an air-line consulting business called Lorenzo, Carney and Co. The partnership evolved into Jet Capital, a company set up initially to undertake aircraft leasing. In 1971 Chase Manhattan Bank called in Jet Capital to look at the finances of a floundering, near-bank-rapt regional airline called Trans Texas Airways (known in the industry as "tree top

Lorenzo and Jet Capital did more than just look at Texas
— they bought the airline,
renamed it Texas International, restructured its debt and helped usher in the era
of deregulation and discount
fares by offering "peanut"
fares — cut price air tickets
approved by the now-defauct
Civil Aeronautics Board
(CAR) in 1877 Over the next (CAB) in 1977. Over the next few years, Lorenzo, once an opponent of deregulation, became one of its most ardent advocates.

His spartan life-style — he works out of a small Houston office and eschews the lavish trappings of many other airline executives — coupled with his reputation as a dealmaker, stock wizard

and discount-fare Mayerick, won him few friends within the "clubby" airline industry. While most industry industry. While most industry executives were pondering long term plans, colleagues said Frank Lorenzo would shift strategies almost daily, waking up each morning with a "better idea than the one

he had the day before. But one long term goal did underpin all his actions — an overriding belief that he needed to build an airline with sufficient size and mass to compete in a fiercely competitive deregulated market-place. This ambition brought him into quick conflict with the airline industry establish-

After Pan Am foiled two bids by Lorenzo for National Airlines in 1972 — bids which nevertheless netted which nevertnetess netter his group a \$40m profit on the sale of its national stock — he went after TWA. Lorenzo invited TWA chairman, L. Edwin Smart, to breakfast and offered to buy his airline. Smart reportedly stormed out of the meeting infuriated, without even

intrinated, without cetting.

In 1980 he seized the opportunity deregulation afforded, turning Texas International into a holding company and setting up New York Air, a non-union carrier, to compete with Eastern Air Lines in the Incrative Boston-New York-Washington DC shuttle corridor. The move angered and frightened the airline labour unions which ran advertisements depicting Lorenzo as a cowboy tearing up union contracts and asked:
"Is this any way to run an airline?"

Three years later the unions were still asking the same questions when Lorenzo took over Continental Air-lines, acquired in 1982 for \$13m after a bitter bid battle, into Chapter 11 bankruptcy. For a while Lorenzo's victory at Continental appeared to have stymied his broader ex-

pansion plans.

The bitter airline unions 3 saw the Continental Chapter 11 filing as a ruse to abrogate labour contracts. During the labour contracts. During the ensuing strike Captain Henry Duffy, the pilots' union chief, said of Lorenzo: "Frankly we think he is a little short on corporate integrity." Naturally. Lorenzo has rejected such accusations.

At Eastern, however, the unions' distrust of Lorenzo annears to have eventually

appears to have eventually given way to a belief that Eastern, could only survive. in the words of Charles Bryan, the local leader of the powerful machinists union, with "a strong businessman in charge." Lorenzo certainly fits that bill.

JUST six months ago Eastern Act of 1978, Eastern sank Air Lines, the third biggest US airline, was being hailed as another Chapter Parada in the reported a \$183.7m loss, was on the Colonia Frank Parada in the reported a \$183.7m loss, was on The company had one of the highest cost structures of any US airline, a massive debt load

pany and four seats on the board. It was an agreement which was heralded as a model of

late last year led to a slump not recognise the economic in Eastern's profits and Borman realities of deregulation." Each was once again asking for contine Eastern won wage concescessions from his workforce. He had little choice. Eastern's two years' time at most before bankers, holding \$2.5bn of debt, were demanding further substantial wage concessions if they were to continue their financial support.

Betastern won wage concessions it was only for a year or two years' time at most before returning to earlier levels. As a result Eastern's labour costs were still 38 per cent of operating expenses on the eve of the airline's latest financial crisis.

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cessions but the powerful machinists union, led by Charles Bryan, baulked at the ultimatum and only agreed to give way if Borman quit. Bryan blamed the sharp reversal in Eastern's financial fortunes on "tremendous mistakes in management" rather than worker intransigence. With Frank Lorenzo's cash and paper bid valuing Eastern at a modest \$600m sitting on the table, Eastern's board refused to ask Borman to step down and took the merger route by agreeing to the Texas Air proposal made a few days earlier.

Ultimately it was the deep personality clash between Borman and Bryan that prevented Eastern from getting to grips with the real challenge of deregulation—achieving a once-and-for-all reduction in its for a return to the proposal mace of deregulation—achieving a some others who were wishing and stock option plans.

Other high cost carriers like American Airling; were able to Borman says ing a huge \$218m net loss in 1983. Continental bounced back into the black in 1984 and last year earned \$94m. With Continental harding we have not had for the year says.

Lorenzo's Texas Air had faced the same sort of problems as Eastern when it took over its than it was before it than it was before it filed for bankruptcy and employs more beauting from the cut of the text and the luxury of the luxury

vented Eastern from getting to grips with the real challenge of deregulation—achieving a once-and-for-all reduction in its wage cost structure.

Realities

The 1983 wage agreement was a "quick fix" says Professor Bruce Allen, a transportation expert at the Wharton Business revenues of \$3.7bn after setting ington-based consultancy, Airaside \$20m for profit sharing. line Economics, agrees and says However, an intensification of that Eastern's principal problem the spasmodic air fare wars was that "the labour unions did

Even Borman admits that his were disbanded in 1979, airline's cost structure, a labour costs sooner, and Joe scaled back drastically the airstructure, was among the first to feel the heat.

In the aftermath of the passing of the Airline Deragulation are disbanded in 1979, airline's cost structure, a labour costs sooner, and Joe scaled back drastically the airline's operation. However, mand, concedes that "with in less than a year Continental bankruptcy courts. Eastern's hindsight, we used a scalpel had rebuilt its market share pilots and eventually the flight where a sharp axe was resulting the help of non-union attendants agreed to new conquired." Pressed to explain why

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control of Continental, Lorenzo did the unthinkable. As Conti-nental's cash dwindled, he took

the airline into Chapter 11 bankruptcy, tearing up all labour contracts, cutting the workforce by two-thirds and

halving wage rates in the pro-

Despite the violent opposition

of the unions, Lorenzo changed

Continental Airlines into a cut-

price, low cost carrier, over-night. Continental's labour costs as a percentage of operat-ing expenses plunged from 35 per cent to just 21 per cent. He

increased the number of hours

per month flown by an average Continental pilot by 63 per cent;

flight attendants' monthly hours

With the bulk of Continen-

tal's pilots on strike Lorenzo

rose by 49 per cent.

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MOET-HENNESSY 7% Convertible Bonds due 1999 Notice to Sondholders CORRECTIVE ANNOUNCEMENT The first paragraph of the notice published on Wednesday February 12. 1986 should read as follows: NOTICE IS HEREBY GIVEN that purasant to a resolution adopted by the slaveholders at a meeting held on 13 june 1985, the Board of Directors of MOST-HENNESSY approved a transfer of FF49,621,200 from the share prenium account to share

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H. J. HEINZ COMPANY LIMITED NOTICE IS HEREBY GIVEN that the Transfer Books of the 3.15% (pornor) 81270; Redecemble Cumulature Preference of this company will be closed from 1-28 April 1985 both dates including the Company Secretary.

Legal Notices

IN THE MATTER OF

not always be so lucky. The

challenge will not be an easy one. Eastern's borowings are

immense, its workers are much better organised than was the case at Continental Airlines

and so far only two of the three main unions have agreed to the

sorts of wage concession which will make Eastern's bankers

If the deal passes muster with the US anti-trust authorities, analysts believe that Lorenzo

can look forward to a honey-moon period with the unions. They also warn that this could

come to an abrupt end when

Lorenzo takes the sort of steps they believe will ultimately be

necessary to ensure Eastern's

Texas Air's share price

jumped by 75 per cent in the five days after the deal was unveiled—suggesting that Wall Street believes, for the moment,

that Lorenzo will succeed where

longer term survival.

Borman failed.

THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the form day of April 1985 to send in their full Christian and Surnames, their addresses and descriptons, full persculars of their debts or claims, and the names end addresses of their Solicitors (If any), to the undersigned SURJIT KUMAR SINGLA, FCA, of Single & Co., Chartored Accountants, of Broad Street House, 35 New Broad Street, London EC2M 1NH the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such dime and place as shall be specified in such nobice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 24th day of February, 1986.

S. K. SINGLAS, FCA, Uquidator

GLENINGS LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 8th day of April, 1988, to send in their full Christien and sumemes, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned), to the undersigned STEPHEN DANIEL SWADEN, FCA. of 30 Eastbourne Terrece, London W2 GLF

London W2 6LF
the Liquidator of the said Company,
and, if so required by notice in writing
from the said Liquidator, are, personally
or by their Solicitors, to come in and
prove their debts or claims at such
time and place as shall be specified
in such notice, or in default thereof
they will be excluded from the benefit
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IN THE MATTER OF VIVARCH LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1848

THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of March, 1966, to send in their full Christian and sumames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned DAVID SWADEN, FCA, of 46 Rodney Street.

Liverpool L1 9AA

the Liquidator of the said Company, and, if an required by notics in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before auch dabts are proved

D. SWADEN, Liquidator.

BASIL GRAHAM (LONDON) LIMITED NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of the above named Company will be LEONARD CURTIS & CO., stuared at 30 Eastbourne Terrace (2nd floor) London W2 6UF on Wednesday the 12th day of March 1986 et 12.00 o'clock midday, for the purposes provided for in Sections 589

nd 590. Dated the 24th day of February, 1986. A. NEWMAN, Directo

No. 00302 of 1986 IN THE HIGH COURT OF JUSTICE CHANCED NEWSPAPERS PLC and in the Matter of UNITED NEWSPAPERS PLC and in the Matter of the Companies Act 1985.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 17th February 1986 confirming the reduction of the

(Chancery Division) dated 17th February 1986 confirming the reduction of the Share Premium Account of the abovenamed Company by £55,000,000 from £57,390,620 to £2,390,620 was registered with the Register of Companies on 27th February 1988

Dated this 28th day of February 1985. THEODORE GODDARD THEODORE GODDARD, 15 St. Merbn's-le-Grand. 16 St. Meron's-le-Grand. London EC1A 4EJ Solicitors for the above-named

THE COMPANIES ACT 1985 WESTMINSTER PROPERTY GROUP (MANAGEMENT) LIMITED

NOTICE IS HEREBY GIVEN, pursuan NOTICE IS HEREBY GIVEN. pursuant to Section 588 of the Companies Act. 1985, that a Meeting of the Creditors of the above-named Company will be held at 33 Chancery Lane, London WCZA 1EW, on the 11th day of March 1986, at 3.30 in the alternoon, for the purposes mentioned in sections 589 and 590 of the Companies Act 1985.

of Inapaction.

Dated this 24th day of February 1986.
By Order of the Board,
TIMOTHY COE,
Secretary.

CHIPHEAR LIMITED
T/A GUARDIAN CLEANING SERVICES NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the creditors of the abova named Company will be hald at LEONARD CURTIS & CO.

LEONARD CURITIES to structed at 30 Eastbourns Terrace (aecond floor), London W2 5LF on Tuesday the 18th day of March 1986 at 12.00 o'clock midday for the purposes provided for in Sections 589 and 590.

Dated the 25th day of February 1986.

D. SAUNDERS, Director

TREWS OFFICE EQUIPMENT (CROYDON) LIMITED NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act. 1985, that a Meating of the creditors of the above named Company will be held at the offices of LEONARD CURTIS & CO.,

situated at 30 Eastbourne Terrace (2nd floor) London W2 GLF London W2 6LP on Tuesday the 11th day of Merch 1986 at 12,00 o'clock midday. For the pur-poses provided for in Sections 589 and 590. Dated the 24th day of February, 1986. B. K. ARCHER, Director

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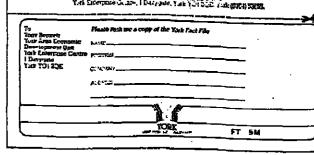
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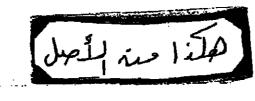
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POWER & MONEY TALKING.

BY JOHN ELLIOTT, RECENTLY IN BOMBAY

tion runs a flourishing unofficial Indian companies have money-stock exchange. In Bombay raising plans — for example, national newspapers c2rry Telco, the vehicle manufactur-tables of unofficial prices in ing arm of the Tata group, advance of flotations. Traders deal on the streets of Bombay's to Rs 2bn in the next six old commercial quarter when the official stock exchange is

booming 15 months after the new policies of Mr Rajiv Gandhi, the prime minister, re-

main business newspaper, has fallen back to its levels of five

The All India Share Index has hovered for most of the past month at roughly double its level of January last year despite interventions by the authorities to curb excessive speculation

new record levels.

year, despite regular interventions during the year's rapid increases by stock exchange authorities and government Rs 10bn (\$804.5m) for 460 com-

New issues are being oversubscribed an average of five 1985-86 of more than Rs 25bn. times with some going as high More than 40 new issues, a as 150 times, as a rapid expan-record number, went on the sion of the motor industry has market in the first half of last sparked a fascination for foreign month.
tie-ups, especially those with
Japanese names such as Honda
and Yamaha.

In the most half of last
month.
The total market capitalisation of 5,000 companies quoted
on the country's 14 stock

Rs 1bn (\$82.3m), each by electing five years ago and estimated tric power and telephone corto increase to 15m within five

he official stock exchange is Yet there is growing concern that the spiralling share prices, India's stock markets are linked with flotations of dubious as well as viable companies, may rebound.
"We feel that an element of

Gandhi, the prime minister, rebuilt industrial confidence.
Following last Friday's annual
budget which did not give industry all it had hoped for, the All
India Share Index of the
Economic Times, the country's speculation is inevitable but too
main business newspaper, has much is bad because for the first time small investors are getting into the market and if they lose it could hit confi-

There is also concern among businessmen that even though the unsophisticated markets are not rigorously controlled, the Government has too much influence on issue prices. The inadequate controls mean that false prospectuses are being issued, and that stockbrokers are not properly regulated as

a profession. The stock markets in India weeks ago. But it is expected Exchange Regulation Act led to sales of foreign holdings in ew record levels. Indian companies. That caused For most of the past month it a relatively brief flurry on the has hovered at roughly double exchanges. The real growth did its level of 278 on January 1 last not start till two or three years

owned financial institutions to panies in 1983-84 to Rs 20bn for try to curb excessive specula- 712 companies in 1984-85. By The main interest is in capital figure for the first nine appreciation in the primary months of the current financial market rather than long-term year had reached Rs 25bn for 790 companies.
This indicates a total for

and Yamaha.

The public sector tried last exchanges is only about month to cash in on the boom Rs 150bn while the number of with two major bond issues of investors is about 7m, up from

porations. These have not been as well received as had been hoped, although both have compared with major exchanges of developed countries. But for they show a significant Foreign investors will this India they show a significant month be given their first, trend with people from both the substantially more than their albeit indirect, chance to invest urban middle class and rural original figures through accept-

IN THE pink stone Rajasthan in the stock markets through an areas moving their money into ance of oversubscriptions and tion to anyone and everyone to city of Jaipur, south of New offshore fund organised by new flotations not, so far, other issues.

Delhi, a shareholders' associa- Merrill Lynch. Many major speculating much in secondary

But, even with some bonds that funds can come of the descriptions and tion to anyone and everyone to invest in India but it does show that funds can come of the descriptions and tion to anyone and everyone to invest in India but it does show that funds can come of the descriptions are descriptions. markets.

About 70 per cent of the issues are in non-convertible debentures, boosted by new equity-linked debenture instruments introduced by the Government two years ago which cushion investors by providing guaranteed returns on loans as well as speculative capital gains on the equity.

Companies are attracted to debentures because interest paid is deductible from heavy rates likely candidate for the market subscribed last year while of taxation, unlike equity divialong with the Oil and Natural Yamaha, which has a link-up to dends. But there is some con-

being bought by government- properly used," said a senior owned banks and institutions, Government official, Thermal Power is thought not The other way that foreign to have attracted more than Rs 1.2bn and the telephones busicompanies can become

ness only about Rs 1.05bn to taking minority equity stakes, Rs 1.07bn, usually of 20 to 40 per cent, Another Rs 650m is to be in joint ventures with Indian raised for rural electrification. partners which then go to the A new corporation which is market for investment finance. A new corporation which is market for investment finance. being set up to modernise and Several are Japanese motor run the telephone systems in Bombay and Delhi is also a for Honda was 155 times over-

along with the Oil and Natural Gas Corporation.

financial institutions.

The Merrill Lynch fund, to

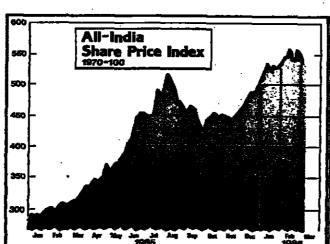
be called the India Inter-

national Fund and run by the government owned Unit Trust

of India will have an approved

initial capital of \$60m. It will bring in investment from wider

the London Stock Exchange,



far. "As the central bank we think it important that the proportion of equity should go up because too much debt can cause problems for companies."

says Mr Malhotra.

The country's seventh five-year plan for 1986-90 is substantially based on the private sector rapidly expanding its role in the economy at a time when public sector resources and international support are scarce. This could involve as much as Rs 80bn being raised from the capital market, according to leading stock exchange executives, more than doubling the present total capitalisation. The latest two public sector

issues illustrate part of the requirement. National Thermal Power Corporation and India Telephone Industries have both gone to the market, after wide-spread and (for India) unusual corporate advertising and pub-licity, for Rs 1bn in unconver-tible tradeable debentures.

family, attracted a 38 times oversubscription in December.

In an attempt to stem the oversubscriptions, the Government may decide in a few weeks to relax its strict control over the pricing of share issues. At present shares go on the market at par and rise in price fivefold

on average when the market opens, using shareholders' funds for speculative deals which could be harnessed for The heavy oversubscriptions, which result from underpricing, tie up money for three months till unallocated funds are re-

directly involved in stocks is by

Several are Japanese motor

produce small electric generat

turned to their owners. "The present system leads to companies talking up their own shares on rigged unofficial markets before quotations open," says one stockbroker. The Government is anxious

both to protect small investors, and to avoid the finance ministry becoming responsible for picking "best buys" and baling out undersubscribed

investors, according to a Finance Ministry official, and could be followed by link-ups It is trying to devise a way for all existing companies, and new companies being started by existing business houses, to raise fresh capital at a premium. with other foreign institutions which are already holding exploratory talks with Indian The Indian stock market was closed to all foreigners until But it does not yet want to relax the pricing for unknown businessmen and unproven prorecently when it was opened to non-resident Indian-born investors, who are allowed limited

It also wants to spread stock exchanges linked electronically throughout the country so that there is at least one in every state, mopping up activities covered by shareholders' asso-ciations in cities such as Jaipur in Rajasthan and Baroda and Rajkot in the neighbouring rich state of Gujarat.

Indians, and will be quoted on But above all it wants to avoid a crash which could hit But to stop its entry into the stock markets leading to a fresh escalation in prices, the Government will control its investor confidence and the economy just as the country is beginning to depend in a major way on the stock markets for raising crucial infrastructure and other investment funds. "This is not an open invita-

NORGES KOMMUNALBANK

US\$75,000,000 8}% Bands 1977 (81-92) NORGES KOM Oslo, March 1986.

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Décembre 1985

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provisions of the Notes notice is hereby given that the rate of

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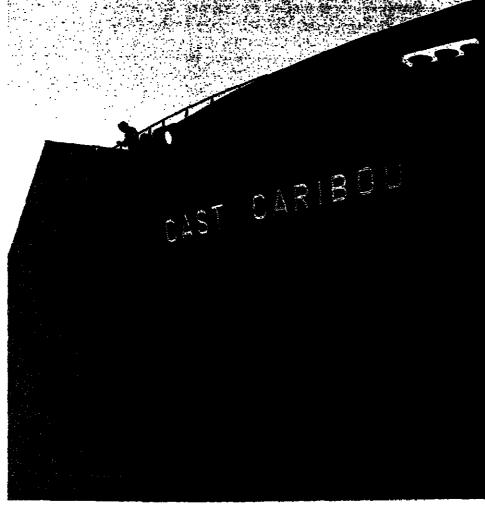
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FINANCIAL TIMES SURVEY

Wednesday March 5 1986

South Australia

A wave of activity in the search for mineral and energy resources encouraged by state premier John Bannon's re-elected government echoes the pathfinding which led to the birth of the settlement 150 years ago

New era for explorers

Survey written by Michael Thompson-Noel



CONTENTED and self-can taken and victous population who the good life, fouth actual and prospection and the good and the self-can taken t

"The remarkable political returned to conservative rule in career of D. A. (Don) Donstan, 1979 but was recaptured by the who was premier in 1967-68 and Labor Party in 1982 as the 1970-79, responded to an older sense of civilisation in South youthful but wily Mr John Banaustralia which was expressed non as premier.

Late last year the Bannon also said that Labor was embarking on a continum that will spend A\$32.3m over five years exploring for oil in the Officer Basin.

Other developments include a trailia's mineral and energy wealth. Formerly, South Australia was viewed as ambivalent about the Australian resources The Eyre expedition (left) to central Australia in 1841, Premier John Bannon (right) is encouraging modern exploration for resources.

about the Australian resources boom, apparently lacking the financial and management leadership to compete with the more resource-orientated states like Queensland and Western Australia, and distracted by its long history of successful farm-

That has mostly changed. The Cooper Basin liquids scheme, Australia's biggest on shore petroleum development, is now solidly into its production phase while there are hopes that petroleum exploration in the state will continue at record levels in 1986, with expenditure expected to total about A\$127m, against A\$104m last year, in spite of the weakening of world oil markets.

In addition, the Olympic Dam project at Roxby Downs has received a go-ahead from Western Mining and BP Australia. In a significant breakthrough last November the Aboriginal owners of 100,000 sq km of the state's far north-west joined a commercial con-

South Australia is also fighting for a share of the Royal Australian Navy's A\$2.6bn submarine replacement project. which would provide a major stimulus for engineering and electronic industries. "All the technological and

industrial relations logic points to a construction site in South Australia," claims Mr Bannon.
On the outskirts of Adelaide,
the Tchnology Park is seen as
the physical and marketing
focus of the state's ambitions in
woul high technology, which are suffi-ciently marked to have given assistance programmes would it a lead over all other Austra-retain and generate employlian states.

A big advantage is that SA is the location of the Australian Defence Research Centre, at Salisbury, and of companies such as Thorn-EMI Electronics, haseload power station costing A\$900m, and the exploration British Aerospace Australia, According to Mr Bannon, the state is attracting world attention for its testing programme on gasification of lignite coal.

"If these tests prove successful we are talking about The importance of the sub-

state is attracting world attention for its testing programme on gasification of lignite coal.

"If these tests prove successful we are talking about petro-chemical generation and fuel production developments worth well over A\$1bn," he said.

Technology

Phillips, and Andrew Antennas. Further projects in view include a Microelectronics Applications Centre.

The importance of the submarine programme can be illustrated by Thorn-EMI Electronics, part of Thorn EMI Australia, where budgeted sales for 1986-87 are A\$24m.

The company has been a big The company has been a big

supplier to the Australian Department of Defence for almost 30 years. It is heavily involved in the F/A-18 programme for the Australian Air Force, which

could yield it contracts worth A\$30m to A\$40m. In contrast, the submarine programme could be worth double that.
In his budget speech last year,

Mr Bannon said the state's economy was performing strongly, and that improvements would continue this year. Later, he said new incentive and

OUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY

"SAFA has proved to be a remarkably effective, innovative and commercially successful organisation and it will continue to be fully supported by the Government." - Premier John Bannon to State Parliament, August 29, 1985.

CONDENSED BALANCE SHEET

AS AT JUNE 30, 1985_				
	1985 \$000	1985 \$000	1984 \$000	
Funds of the Authority Capital contribution from State Government plus accumulated surplus		840,782	335,840	
Non-current liabilities Borrowings and other liabilities Obligations to Commonwealth Government on account of assumption	735,218		523 <u>,44</u> 9	
of State Government debt	3,030,343	3,765,561		
Current liabilities Borrowings Promissory note issues Other	162,284 353,744 388,068	.904,096 5,510,439	69,214 71,107 999,610	
Non-current assets Indebtedness of the Government of South Australia to the Authority Loans to – Semi-Government Authorities	3,406,727 775,179		79,535 529,209	
The State Bank of South Australia Investments	341,554 368,960	4,892,420	311,903	
Current assets Cash at bank and short-term deposits Other	362,017 256,002	618,019 5,510,439	12,025 66,938 999,610	

INDEBTEDNESS OF SOUTH AUSTRALIAN STATE PUBLIC SECTOR

	Money Terms Net debt ^(a)	Real Terms ^(b) Net debt	Net deb (real te	t per capita rms basis)
as at end of:	(\$m) ⁻	(\$m)	\$	Index $1949/50 = 100$
1949-50	285	3,032	4,273	100
1959-60	743	4,423	4,679	110
1969-70	1,465	6,397	5,524	129
1979-80	2,229	3,435	2,625	61.
1980-81	. 2,394	3,362	2,548	60
1981-82	2,594	3,214	2,414	56
1982-83	2,965	3,389.	2,526	59
1983-84	3,196	3,382	2,498	. 58
1984-85	3,337	3,337	2,446	57

(a) Gross debt minus financial assets.

(b) Adjusted based on non-farm GDP deflator June quarter 1985 base.

Source: South Australian Treasury.

Established in January 1983, and guaranteed by the Treasurer of the State of South Australia, SAFA acts as the central agency for the borrowing of funds for most of South Australia's semi-government authorities.

South Australian Government Financing Authority ('SAFA'), 108 King William Street, Adelaide, South Australia 5000. Telephone No; (08) 227 2744, Telex No; 82814. Telefax No; (08) 227 1254.

Takeover

experts

steam to

big time

ADELAIDE is the registered home of three of Australia's best-known and most aggressive companies—Elders IXL, News Corp and Adelaide Steamship Company—although only Adsteam is still directed from its base camp. A pheromenom of

base camp. A phenomenon of the past decade, it has pushed itself to the highest levels of Australian corporate life through mergers and acquisi-tions.

The company has retained its marine base, with tug and lighter business around Australia, sharing in the cosy monopolies and duopolies of Australia's port service industries.

These draw the steady and re-liable cash flows that under-

liable cash flows that under-pinned its dramatic awakening in the early 1970's, when Mr Joe Winter, chairman, Mr Ken Russell, general manager, and a keen young assistant general manager Mr John Spalvins, now chief executive, began to apply

A trigger point was an ac-cumulation of tax losses after

its withdrawal from shipbuild-ing in South Australia and the need to apply fresh taxable earnings to gain the maximum benefit from the seven-year tax

holiday these losses provided.

their minds to growth.

Targets set for extra growth

Economy & Development

AN INVITATION to escape an invitation to escape into a new way of life went half way around the world in 1835, boasting the merits of the future colony of South Australia, to Britain's small farmers. An anonymous advertising copywriter promised not to had plunged honest men into a degraded condition. "I am not going to bother you about the 'corn laws,' nor about the 'malt tax,' nor about the 'national church establishment.' nor about the 'currency question,' nor about Whigs or duestion, or any thing of the kind," he wrote. "I do not wish to offend any

of you; and I will not therefore inquire how it is that you got into your present deplorable state, but tell you how you may get out of it."

A later notice, advertising a

A later notice, advertising a free ship's passage for about 20 farm labourers, a blacksmith and slater, stated that the new colony showed "great likelihood of being very advantageous to all industrious Settlers and their Families."

and their Families."
A century-and-a-half later the rhetoric has changed only slightly. A recent brochure from the Department of State Development, said that perhaps SA's "best selling point is the fact that it is an extremely fact that it is an extremely pleasant and healthy place to live and raise a family —a claim for which there is plenty

The message emphasises that SA is in a state of change. It was traditionally dependent on farming, motor vehicles and components, whitegoods manufacturing and food processing, but is emerging as a state with big energy and mineral projects. It is developing high-technology industries, diversify-ing into middle-sized manufacturing industries, attracting foreign investment, and offering the best industrial relations record in Australia."
Things were not always so

cheerful. When the Bannon Labor Government won office in 1982 the economy was performing poorly. For several years the unemployment rate had been the highest in mainland Australia, employment was declining, housing and construc-tion had slumped, bankrupt-cies were at record levels and

investment was depressed. But Australia has enjoyed three years of firm growth. The success of the Labor Govern-ment in Canberra has rubbed copywriter promised not to off on SA, which has ex-dwell on the circumstances that had plunged honest men into a degraded condition. "I am at a condition of the circumstances of the condition of the circumstances of the condition of the circumstances of the ci the manufacturing crises which

the manufacturing crises which hit the state in the last decade."
South Australia's employment profile is fairly similar to Australia as a whole. At May 1985, some 7.7 per cent of the workforce was engaged in farming (against 5.6 per cent nationally), 18.4 per cent in manufacturing (17.1 per cent), 7 per cent in construction (7.3 per cent), 19.6 per cent in whole-saling and retailing (19.9 per cent) and 7.7 per cent in finance and property (9.8 per cent).

However, manufacturing is 64

However, manufacturing is of key importance to the SA economy, accounting for about 21 per cent of gross state pro-duct, more than 75 per cent of its interstate exports and about 30 per cent of overseas exports. SA lost 9,800 manufacturing jobs in the three years to mid-

1979 and then suffered a shake-out between late 1982 and mid-1983. Yet the average level of manufacturing employment rose slightly in the first half of last year, signalling a reversal of the decline and a more pro-ruising outlook in some sectors.

According to the Department of State Development, annual labour productivity in SA manufacturing is about 18 per cent higher in real terms than in 1976-77, against a national rise of about 9 per cent. Improvements in SA industry were particularly strong in the transport and equipment industries, and in the basic metal products sector.

Farming also plays an important role in the SA economy, accounting for about 10 to 12 per cent of national

government assistance and to face greater import competition. Too much weight is given to production of consumer durbles and other products, while the manufacturing base in some

A key feature of the Bannon Government's programme for the next five years will be build-ing on SA's manufacturing base, which ranges from heavy engi-neering and vehicle component production (General Motors-Holden and Mitsubishi Aus-tralia) to white goods (Simpson), and fabricated metal and base metal products.

KEY FACTS

Employment rose 2.6 per cent (14,600 people) in 1985.
Unemployment fell from 9.3
per cent to 8.3 per cent.

New dwelling approvals
15,053 in 1984-85 (11.6 per 15,053 in 1984-85 (11.6 per cent up). Three months to November 1985 private sector approvals 2,675 (18.6 per cent lower). Value of commercial building approvals 1984-85 up 43.3 per cent.

Motor vehicle registrations

Motor vehicle registrations 58,803 in year to November 1985 (8.5 per cent higher), which was 8.53 per cent of total Australian registrations.

Industrial disputes continued at a low level. Days lost in year to August 1985 were 1.8 per cent of the national total (the state has 8.6 per cent of Australian earners). In the year to September 1985, some 53 days per 1,000 workers were lest because of disputes (Austra-

because of disputes (Australian average 230).

• Population rose by 10,109 to 1,36m in year to March

• Consumer price index for A Consumer price mack for Adelaide up 2.1 per cent June September last year (2.2 per cent increase nationally). Inflation in year to September 8.4 per cent (national rate 7.6 per cent).

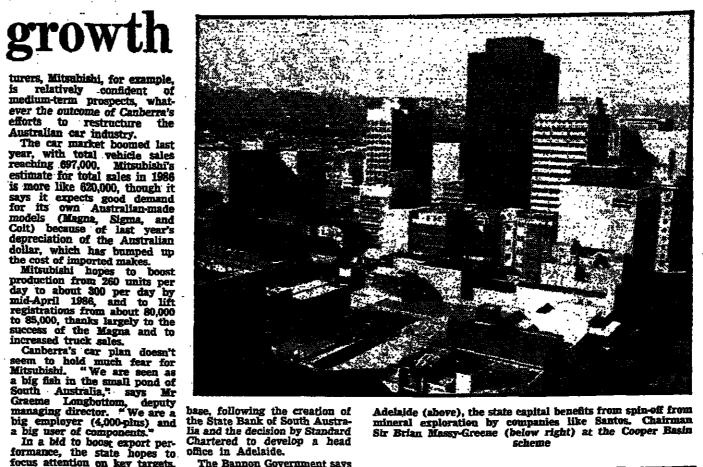
farm output, about 9 per cent of gross state product, and about 7.7 per cent of employment. 7.7 per cent of employment. Cereals, especially barley and wheat, plus wool and meat, are the main farm exports, with farm sales accounting for about half the state's export earnings

half the state's export earnings (interstate plus overseas). In February 1983, bushfires caused A\$100m worth of damage to forest plantations alone, and the state was then hit by flooding at the end of Australia's costliest drought. Nevertheless, SA farm production in 1984-85 was 18 per cent higher than in 1981-82, although the good times for farmers have turned sour once more because of high interest rates, rising costs, and poor world prices.

The State Government boasts of a powerful natural resources sector, a manufacturing sector capable of speedy adaptation of new processes, a strong tech-nology base, and a well-developed social infrastructure, including health, education, and

But there are also obvious September 1884 weaknesses in the economy. September 1985 There is an above average Excludes agriculture. reliance on agriculture, where performance is variable, and a relatively high dependence on manufacturing industries, which seem likely to receive

non-metropolitan regions is too



base, following the creation of the State Bank of South Austra-lia and the decision by Standard Chartered to develop a head

office in Adelaide. The Bannon Government says that over the next five years the State Bank will aim to boost its role in economic and social development by expanding direct investment in South Australian companies, particularly small-to-medium ones. It will also offer finance and service support for large development projects, provide venture capital as sole financier or with bodies like Enterprise Invest-ments and SAMIC, and estab-lish links with overseas trial machinery, and industrial machinery.

The state Government has allish liready initiated export assistance and incentive programmes,

A key

A key to the Bannon Government's approach is its emphasis on "active partnership" between public and private sectors. It cites the State Bank, the Enterprise Fund, the approach to winning the submarine replacement pro-gramme, Adelaide's Technology Park, and SA's Small Business Corporation as examples of the

partnership at work.
To judge by the results of the last state election, it is an approach that works well, and one on which the State's pros-

and Hong Kong.

Promoting SA as Australia's high-technology centre is high on the agenda and so is tourism. Another priority is developing the state of the same o perity will increasingly be built. developing the state's financial INDUSTRIAL DISPUTES Working day's lost per thousand employees SA NSW VIC OLD WA TAS AUST 46 307 146 265 428 435 246 53 256 156 435 217 187 230

Adelaide (above), the state capital benefits from spin-off from mineral exploration by companies like Santos. Chairman Sir Brian Massy-Greene (below right) at the Cooper Basin

Profile: Adelaide Steamship Co LACHLAN DRUMMOND

Adsteam has retained a keen awareness of the benefits of close attention to tax management-and of obtaining control with minority positions—in its rise from earning less than A\$3m in 1976 to a net income of A\$60m last year. It has a capitalisation of A\$1bn and company to the control is the second of the second light and the second li trols a web of associate listed companies with a cumulative market worth of A\$2bn.

This has been achieved with-out any serious call on share-holders for funds. The group relied instead on borrowing and its skills to make sure the under-valued assets it seeks out are quickly back on an upward earning path.

Throughout the mation, which raised the cominto the bi 1980, Adsteam has retained its identity as an investment holding company—most of its tug ventures are jointly owned—al-though it has acquired whollyerations in timber and building

The thrust of its investment drive has been to acquire a series of often inter-locking minority-control positions and to use these listed associates to carry out the full-scale takeovers and rationalisations that became its trademark. Today Adsteam owns 49 per cent of Australia's up-market department store retailer David Jones (A\$50.5m annual earning), which swallowed three smaller retailers after Adsteam gained control and revived its fortunes.

The retailer and Adsteam in The retailer and Austeam in turn own, respectively, 40 and 49 per cent of DJ's Properties (A\$12.1m), a former property company which now has a small specialist retail operation and a 37 per cent holding in tooth and Co (A\$33m), of which Adsteam owns 41 per cent directly.

> Tooth was once a sick brewer the assets were sold to Elders
> LL in 1983 after Tooth had
> been revived. It is now Australia's biggest winemaker, dominant champagne producer, a property developer and food distributor. It also holds 49 per cent of Petersville Sleigh (A\$\$7m), a rescuscitated and much patient light. much rationalised light en-gineering group.

Adsteam in turn is about 35 per cent owned by its associates, chiefly David Jones. Strung from these companies are joint ventures like Metro Meat, Aus-tralia's biggest meat company, which is owned jointly by Tooth and Adsteam. There are also ex-ternal partnerships in printing inks and fasteners.

The variety of operations is a function of a fairly simple company objective of maximising shareholders wealth based around a five-point investment philosophy. This requires company targets to have sound asset backing, to be in industries fundamental to the economy—preferably not subject to impact the company targets are subject to impact the company targets. port competition or government protection — to be market leaders or have the capacity to reach that state, have low gearing and a low price/earnings ratio.

In the recent bull market in Australia, Adsteam's takeover wings have been clipped in the public company arena. But it has kept up its interest by taking an indirect part in Mr Robert Holmes a Court's assault on BHP after building up a 7 per cent stake and then pledg-ing to sell this holding to Mr Holmes a Court.

With Australia looking too expensive, Mr Spalvins and his team are looking at investment opportunities in the US and UK in their hunt for underperforming and under-valued companies.

Local vintage for the parrot pudding

Wine Growing

Excludes agriculture.

focus attention on key targets. These include chemical and

petroleum products, beverages, cereals and animal feedstocks,

iron and steel, office machines and automatic data processing equipment, electrical machinery, photographic apparatus, optical instruments and scientific equipment, telecommunications and scient recording equipment.

and sound recording equipment, transport equipment and agri-cultural machinery, and indus-

and is creating an organisation to co-ordinate international

trade on commercial lines, called South Australia Interna-

The state Government will also upgrade and extend over-

seas representation, aiming par-ticularly at the UK and Europe,

the West Coast of the US, Japan

EARLY AFTER South Australia's settlement as a colony, food was scarce and expensive, having to be imported from Hobart in Tasmania, Sydney, or even India. In 1840, imported flour cost £100 per ton.

Settlers dined off local game kangeroo, stewed cockatoo, parrot pudding, or "steak off the leg of an emu" (a large flightless bird). With such excitic fare, came local wine for the such excitic fare, came local who the it was swiftly realised that the soils and climate could help make Australia the "Vineyard of Great Britain."

Wine-making played a pro-minent role in South Australia's growth, and is still important, The South Australian Com-pany first planted vines in 1837 near the River Torrens, and the Adelaide hills quickly became important areas are the River-dotted with them. A key to land region, the Barossa Valley

of German settlers. tralia's jolliest and best known).

After 1845 important vine- Clare and Coonawarra, each of

yards were established at which makes excellent reds and McLaren Vale and in the whites, the Southern Vales, Borossa Valley. The early wine known for their vintage ports, was poor, but expansion con- and the Mount Lofty ranges. tinued. By 1856 there were 753 "As two industries develo

world standards, Aus- tryers and misguided. tralia is not a big wine pro-ducer. Exports are fairly static, though consumption may still be rising. In 1984 the vintage was a record one, following a return to more normal condi-tions after the effects of drought, fire and flood on the

1983 vintage.
Mr Len Evans, an Australian wine authority, says that SA now boasts six main wine areas, plus various sub-divisions. The important areas are the Birth Bir

"As two industries develop acres planted and by 1866

some 6,361 acres.

Today SA is the country's pied with quality—South Auslargest producer. In 1983-84, tralia will play a major role in when Australia produced both," Mr Evans says. Further 396,344 kilolitres of wine, the SA contribution was 234,499 kl.

By world standards Ans. truers and misconided

Foreign companies have an important stake, including Philip Morris (which owns Lindemans), Reckitt and Colman (G Gramp trading as Orlando). H J Heinz, Rank Hovis McDougall, United Dis-tillers, Seagram and Remy

cluding Adelaide Steamship Company, Consolidated Co-

growth was the industriousness (whose vintage festival is Ausof German settlers.

After 1845 important vine- Clare and Coonawarra, each of yards were established at which makes excellent reds and ing Seppelt and Woodley). The medium-sized wineries

are under pressure. This erations in timber and building year, with a bumper crop in materials and optical goods. prospect, more will feel the The thrust of its investme But there is always room for

entrepreneurs. One of the best-known is Mr Wolfgang Blass, whose Adelaide-based Wolf Blass Wines International recently teamed up with Remy Martin, taking a 50 per cent stake in the distributor Remy and Associates. Turnover is ex-pected to exceed A\$50m (£25m) in the new company's first trading year, with selling and warehouse facilities in Queensland, New South Wales, Victoria, South Australia, and Western In its first full year as a pul

fit of A\$5.3m, with the prospect of further solid growth to



Adelaide Law Courts after a A\$32m remodelling of a former

ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES.

The Australia & New Zealand Banking Group with its acquisition of the UK based Grindlays Bank, has established a formidable presence on the international banking scene with Croup assets of over USD30 billion. An asset base that spans

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Group's strength is drawn from its business base in most of the major regions of the globe and the growing diversity of its wide range of services. ANZ and Grindlays. A force spannational innance requirements. The new ming the globe.

Banking Group. The new force in International Banking. ANC Bushing Group Limited, 57 Gracethurch Street. London BCSV 08N Tol. 01-350 3100 Th. 8812741 ANZBANK G Condition Bank pic, Mineron Home, Montague Class, Landan SE1 90H Tels 01-626 03-15 Tix: 8000-12/5 GRNDLY G

The two-up pit at Platform One

Adelaide Casino

"HOW'S YOUR little system?" asked the well-clad matron sitting next to me at a table in the new Adelaide Casino, peering at the line Casino, peering at the line of figures in my notebook.

I replied that it was a pleasant little system, modest and refined, but that it would eventually dash itself to pieces on the Law of Large Numbers, Such cultured ambiguity elicited a

No such ambivalence marks No such ambivalence marks
the casino, which opened
three menths ago and has
been exceeding all expectations, attracting daily attendances of 8,900 to 19,000,
Some are tourists but most
are local people. So popular
is the casino that on some
nights long queues form.
There are seven casinos in
Australia, of which Adelaide's

Australia, of which Adelaide's is probably the most ambi-tious, marking the first stage of a A\$160m complex which will also include offices, a 400room Hyati Regency hotel and a 2,500-seat convention centre that will convert into a 4,000-seat indoor sports

The casino was formed out the old railway station building on the imposing boulevard of North Terrace by ASER Property Trust, 2 joint venture between the South Australian Superannuation Fund Investment Trust and the Japanese company

The operator is a company



two-thirds owned by ASER and one-third by a local group, Pak-Pey and Kneeone. Genting Casino Resort Hotels is providing management advice.

Genting says the restora-tion of the station to its former elegance "provides a tharp and welcome contrast to the majority of (the world's) casinos, with their neon gitter and commercialism," and should help establish Adelaide "on the world map as a total destination city." This is only part hype, because the easino is impressive, incorporating pink marble from Yugoslavia. incorporating

chandeliers,

Australian wool to a design used for London's Crystal Palace in 1851. It includes French-designed fabrics, 2 wine bar with a parquetry floor, and views of the nearby State Parliament building, Festival Plaza, and Adelaide Hills. There are more than 400

There are more than 400 varieties of South Australian wine on offer, all the usual games, from roulette to moneywheel, are complemented by a "two-up" pit of hlackwood, calca granite, and leather-covered boisters. Two-up is a coin-tossing game whose mindlessness is countered by audience wnose mindlessness countered by

hilarity and cries of: "C'mo yer mug, ged on with it? So great has been the demand for gaming that the casino was due to open an additional 22 roulette and blackjack tables, taking the total almost to 100, while a fresh intake of 100 crouplers was completing a five-week

training course, This means that the casin is now providing more than 1,000 jobs, with plans to expand and at some point become a 24-hour operation. The state Covernment is expecting an extra attraction to international and interstate visitors "with significant

March 5 le

file: Adek

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CHLAN DRUME

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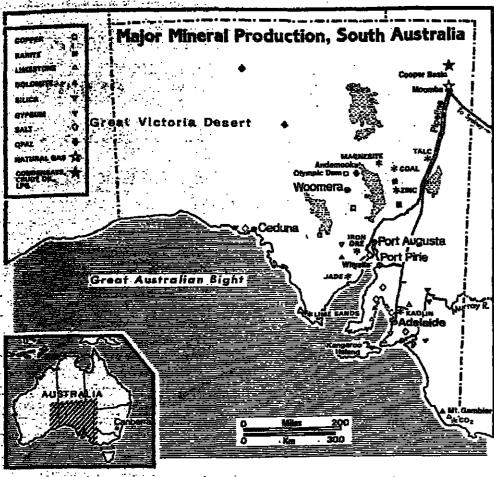
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PROFILE: OLYMPIC DAM, ROXBY DOWNS

Pride and jobs ride on multi-mineral discovery

Mr Dolan has retired and the roling Australian Labor Party rolling Anstralian Labor Party
is no longer stridently opposed
to the mining and export of
uranium. The Olympic Dam
find at Roxby Downs, in the arid
country north of Woomera,
received a final go-ahead early
last December from the joint
venturers, Western Mining
Corporation (51 per cent) and
BP Australia

BP Australia.
There had been much bitterness over Labor's contortions on uranium, particularly when federal Government approval for Olympic Dam was granted at the expense of uranium dis-coveries elsewhere in Australia. Mr Anthony Grey, chairman of fast-growing, Pancontinental Mining, with a uranium find at Jabiluka, Northern Territory, blocked by current policy, had said Labor's wrangling was nonsensical

nonsensical.

"Labor has beaten the alchemists and created a new "As at Roxby Downs, good uranium is that which is mined in conjunction with other minerals. 'Bad' nranium is that found on its own."

Yet Olympic Dam is now a fact of life, even though on a more modest scale than en-

visaged because of the state of

the world copper and uranium markets. Stage I involves an ivestment of A\$550m to A\$690m (£275m to £300m). This envisages a likely start to gold production by mid-1987, and uranium and copper production a year later. Initial annual production targets are for up to 2,000 tonnes of uranium oxide (yellowcake), 55,000 tonnes of copper, and about 90,000 ounces of gold. Sir Arvi Parbo, chairman and managing director of Western

MUCH HAS CHANGED in the two years since Mr Cliff-Dolan, president of the Australian Council of Trade Unions, threatened to block South Australia's big Olympic Dam uranium/copper/gold project.

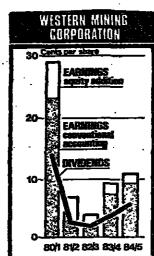
Mining, says Stage I is geared to contain more than 2bn to the market for uranium but that he hopes higher production will be possible in the 1990s. The partners are working tonne, and 0.6 grams per tonne, and 0.6 grams per tonne of gold. This is a very large deposit by world standards." contracts, with the uranium destined for nuclear power utilities abroad and the copper

for customers in Europe, the Far East, and Australia. Even in reduced form, Olympic Dam represents a shot in the arm for the South Australian economy. Apart from the mine there will be a new township for 3,000. Stage I is expected to generate 2,000 construction jobs and permanent employment for 1,000.

nem employment for 1,000.

The discovery of Olympic Dam—which was a major feat of geological detective work—followed a programme started by Western Mining in South Australia in 1972. Three years later the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment of the first drilling hole at Olympic Dam employment for the first drillin grade copper at a depth of 353 metres.
According to the partners:

"Further drilling has identified an area of mineralisation covering about 20 sq km estimated



deposit by world standards."
On some calculations the mine's life could strech for 200

July 1979 Western Mining brought in BP Australia, which in return for a 49 per cent interest put up A\$50m for preliminary work and arranged finance for the mine's subsequent development. Apart from Olympic Dam, Western Mining's interests in-clude extensive nickel and gold properties plus 30.5 per cent of Alcoa of Australia, an inte-grated aluminium producer.

In spite of problems in world metal markets, things are not too bad at Western Mining. In its latest half-year (28 weeks ended December 31 1985), consolidated attributable operating profit was 82.6 per cent higher at A\$25.2m and its annualised return on shareholders' funds was 4.8 per cent against 2.9 per cent previously

Factors which favourably fected the half-year result included higher gold and nickel prices in Australian dollar sales by Central Norse man Gold Corporation up 11.1 per cent at 64,913 ounces, and a lower write-off or provision for exploration expenditure, due mainly to a reduction in petroleum expenditure.

Factors which adversely affected the result included lower sales of nickel and gold (except at Central Norseman), higher operating costs, higher depreciation, and higher amortisation of exchange losses on overseas borrowings (A\$12.5m against A\$8.3m), due to a lower A\$-US\$ exchange rate.

There is more riding on the success of Olympic Dam than the well-being of the partners. What is also involved is state pride and jobs.

Historic partnership agreement

THE traditional Aboriginal owners of 100,000 sq km of South Australia's far north-west signed documents last November linking them to a consor-tium of four companies that will spend A\$32.5m (file.3m) over five years drilling for oll in the Officer Basin.

This breakthrough in re-source development on Abori-ginal land in South Australia was an historic event, according to Mr Yami Lester, an Aboriginal elder. To the mining industry, how-

ever, the agreement was another stab in the back, adding "a new and uncomfortable dimension to the Aboriginal land rights

To others it was evidence that Aboriginal rights need not interfere excessively with min-ing exploration, nor "choke development and deter investas the mining industry has claimed.

Aboriginals have freehold title to 8.2 per cent of Australia's land. Another 1.4 per cent is being granted as freehold, or is set aside as reserves. or as leasehold with the same title as other landholders.

The petroleum exploration licence (called PEL 29) granted last November will be held by a consortium of AMOCO Australia Petroleum Company (50 per cent), AP Oil (20 per cent). Crusader Oil (15 per cent), and Quadrant Energy Development (15 per cent). Drilling of the first five wells will start soon. The agreement covers 20,749 sq kms of the Officer Basin.

The unique feature of the agreement is that AP Oil is the Pitjantjatjara Aboriginals own exploration company. Its 20 per cent participation will be a "carried interest" funded by the other parties. If explaces an ploration is successful, the will not be Pitjantjatjara will have the this work."

Aboriginal Land Rights

right to elect to pay 40 per cent of all previous joint costs so as to maintain their 20 per cent equity interest, or to take a 10 per cent net profits stake.

Mr John Bannon, the state's Premier, added that the agree-ment "vindicates by Govern-ment's rejection of Opposition pressure to unilaterally amend the Pitjantjatjara Land Rights Act. We have always maintained that the legislation has never been properly tested and given a chance to work. "The events (of

November) with goodwill and a commonsense approach, the Act can operate for the benefit of the Pitiantjatjara, the exploration industry, and the state."

Mr Lester added. "We have had to look at new ways to cope with companies wanting to enter and explore our lands." A previous attempt to agree access with Broken Hill Proprietary, Australia's largest company and now under siege by Mr Robert Holmes à Court, failed in the face of BHP's

' heavyhandedness."

"After that bad experience we decided to take the initiative and apply for the petroleum licence ourselves," he said, "We went out to find companies to join us which could fund initial exploration and provide the

necessary expertise. "We are full participants, with a 20 per cept share. We have a primary agreement guaranteeing that our sacred places and our communities will not be interfered with by

The agreement is the first in Australia, and said to be similar to agreements in North America. Mr Lester says the hience has widespread applica-tion, and that once Aboriginal land owners and the exploration industry become familiar with its benefits, it was likely to be reproduced elsewhere.

Across Australia, however, the land rights movement is

director-general of the Australian Department of Mines and Energy says: "It is a matter of concern that 19 per cent of the state Aboriginal lands on wh there has been no exploration since their dedication; 13 per cent is occupied by unallotted Crown lands for which there are suggestions that they are demonstrate that available for Aboriginal land claims; 10 per cent is covered by national existing or proposed parks and conservation parks; 2.5 per cent is listed on the Register of the National Estate, and access to parts of the remainder is restricted or denied by a number of State

> The SA Chamber of Mines and Energy is "vitally con-cerned" about access for mineral exploration and devel opment, and claims that the Pitjantjatjara land rights legislation "has effectively denied access to parts of the Officer Basin since the discovery of oil shows by the Department of Mines and Energy in 1979."

> It criticises references to BHP's heavyhandedness and says PEL 29 means that to gain access to Aboriginal lands for exploration, "incoming companies can expect to locur exploration costs 25 per cent above what they would otherwise expect to incur on Crown land or on any other available land in South Australia.

Optimism shines out of gloom

Mining & Resources

LUCRATIVE mineral resources, in South Australia include oil, gas, coal, iron ore, opal, copper, zine, gold and uranium. In the current climate of depressed energy and mineral prices, such blessing of assets can be mixed, but there is no disguismixed, but there is no disguis-ing the enthusiasm with which Mr Ron Payne, the state's Mines and Energy Minister, rattles off projects valued at more than A\$1.8bn (£900m) due for start-up during the new four-year term of the Bannon

Government. Four of these will provide 4,500 jobs at the peak of construction, and more than 1,700 permanent jobs — Stage I of the Olympic Dam uranium-gold-and-copper mine; a new coalfield and baseload power station; a third unit at the Northern Payer Station at Port Northern Power Station at Port Augusta; and an electricity interconnection system. He says the state government

Deliver Stage I of Olympic Dam, a A\$550-A\$600m joint venture between Western Mining Corporation and BP

■ Maintain the office established within the Department of State Development to maximise South Australian industry's involvement in Olympic Dam, and extend this service to other major projects.

Choose the coalfield and start construction of a A\$900m baseload power station in readiness for operation by 1985. • Construct a third 250 Mw unit at the Northern Power Station. a A\$280m project. tesum Start work in 1986-87 on a years.

A\$102m electricity connection system with Victoria. Complete a study with a German consortium into the evaluating

O Preserve the State's share-

The state will also do what it can to encourage even greater exploration for oil and gas. In spite of uncertainty in world energy markets, the minister is exploration in South Australia will continue at record levels in 1986.

Exploration expenditure in plus machiners, the state's 15 onshore explora- Miners want a tion areas and three offshore permit areas is expected to total about A\$127m and up to 52 exploration and appraisal wells are scheduled for drilling. This compares with 48 exploration tion and appraisal wells last year at an estimated cost of A\$104m.

Mr Payne says that while the Cooper and Eromanga Basins would again account for the bulk of exploration activity in 1986, there would be a much higher degree of activity in other areas.

"Almost a quarter of the wells and about one-third of the seismic surveying in 1986 will occur in licence and permit areas outside the Cooper region, the best level of activity in non-Cooper areas of the state for many years."

Three licences have been

issued for areas as far west as the West Australian border, and big programmes are in progress in the north-west, Pitjantjatjara Aboriginals' land, Offshore drilling has also resumed after a luli of two

None of this lessens the mood of glumness into which the Australian mining industry slipped, however. The Austrafeasibility of gasifying coal and lian Mining Industry Council suitability for says mining had doubled its

85, at A\$1.8bn, was 14 per cent down on 1983-84, while total exploration expenditure fell by holding in the South Australian 11 per cent in 1984-85 to higher output of most commodi-Oil and Gas Corporation. A\$254m, with a further fall ties but it also embraced the

The mining industry benefitted greatly from last year's sharp depreciation of the Australian dollar but gains were confident that petroleum partly offset by exchange losses oration in South Australia on foreign borrowings, higher continue at record levels interest charges and the higher cost of imported raw materials

> Miners want a number of reforms. These involve an end to centralised wage-setting, aban-donment of foreign investment guidelines, big cuts in government expenditure to help reduce interest rates, and intro-duction of tax deductibility for also want a marked reduction in government charges and imposts, including abolition of Basin project shows through in fuel excises, the coal export Santos's most recent six-months

duty, and export controls.
In spite of all this, there is

TURNOVER

PROFIT after tex

greater than the record set the year before. The figure reflected forecast for 1985-86, to A3218m, first full year's production of petroleum liquids from the

Cooper Basin. At a recent estimate, South Australia's Cooper-Eromanga region boasted proven and probable recoverable reserves of 30,380bn cu ft of gas, 260m barrels of natural gas liquids, and 48m barrels of primary recovery crude.

Together with Delhi Petroleum, which is part of CSR, the key partner in the Cooper Basin is Santos, founded in South Australia more than 30 years ago and now Australia's leading on-shore petroleum exforeign exchange losses. They ploration and production com-

results to last June 30. Revenue is up 139 per cent at A\$242.2m, optimism in South Australia, net profit up 31 per cent at stemming from the start up of A\$38.6m, and a boost in interim the Cooper Basin oil and gas dividend from 7 cents to 9 cents scheme—the largest onshore per share.

1983

combined cycle power generation, as well as production of liquid fuels and petrochemicals.

Out natural gas prices from January 1 this year, introducing three years of price stability.

Excluding oil and gas, expendiction of stability. Northern Territory. In 1983, almost all its exploration acreage was in the Cooper Basin, but its growth has been such that now one-third is in nontraditional areas elsewhere.

Its total exploration portfolio is equivalent to two-thirds the size of Texas. It says that so far, soft oil prices have not dented its exploration programmes, but that if the oil price stabilised at US\$18 to US\$20 a barrel, it would have to reassess its plans.

Three years ago, the company's petroleum production was confined to South Australia, but with the completion in 1984 of the Jackson-to-Moonle pipe-line, south-western Queensland became another important oilproducing region for the com-

A\$168m, one-for-four rights issue. As a result, it will be well cashed up by mld-1986, now that it has fully digested Reef Oil and Alliance Oil Development Australia.

It says it is facing a period of big change. First, the Cooper Basin project is solidly into its production phase, and yielding good dividends. Second, it is looking offshore at significant oil plays, and hoping that dis-coveries such as the Talisman No 1 find in the Carnarvon Basin, off Western Australia, will prove viable. Third, hav-ing digested Reef and Alliance, it is pondering where to look next in terms of acquisition and development.

Santos itself is well-protected. By law, no outside group or individual may acquire more than 15 per cent of its capital. Conversely, it suffers no restrictions when deciding how or where to spend its own

KING COMPETES FO USTRALIA'S EAST COAST STANDARD CHARTERED LEADS THE WAY IN ADELA

Now that the rush is on, it's scarcely surprising that most of Australia's newly-arrived international banks are making a bee-line for the East coast. Scarcely surprising because, unlike Standard

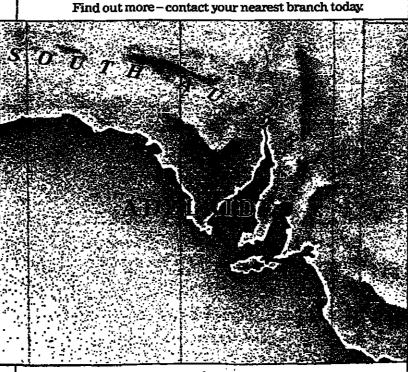
Chartered, they haven't yet had the time or the experience in Australia to enable them to take a more considered view.

If they had then they might realise, as we do, that it is better to lead the field than to follow the herd - which is why we've chosen the South Australian city of Adelaide as our Australian headquarters.

It's not simply that we want to be different. It's because we've been active in Australia for long enough to understand just how strategic and important a position South Australia occupies not just in relation to Australia itself, but to the growth markets of the West Pacific in general. Today, the Pacific Basin - encompassing both the

economic strength of Japan and the USA - is a bustling marketplace for over half of the world's trade. Our Adelaide headquarters forms part of a network of more than 170 Pacific Basin branches - spanning the length and breadth of the world's most dynamic and potential-filled region.

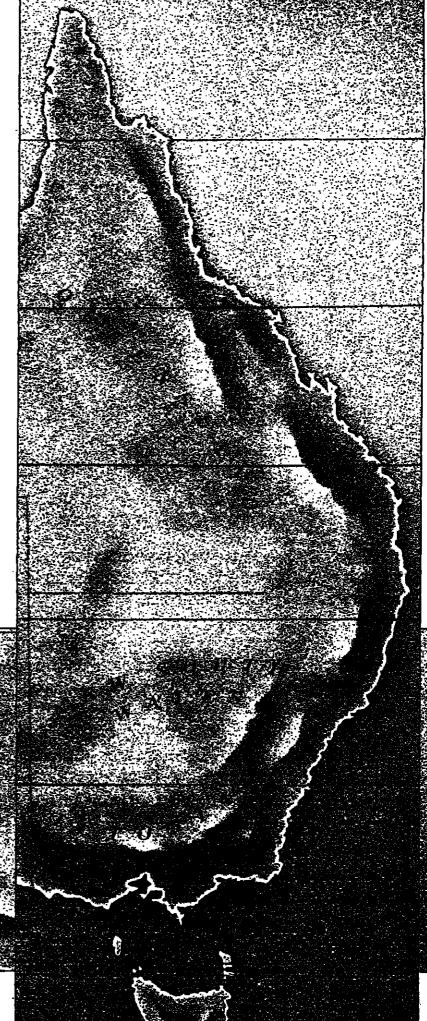
But then, with over 2000 branches in more than 60 countries, Standard Chartered has never been slow to recognise and explore a good opportunity to meet its customers' needs more creatively and effectively

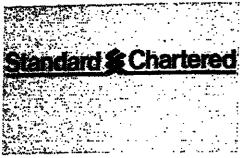


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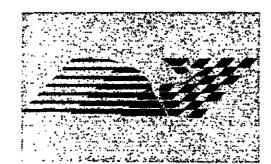
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time out it something else." Kehe Rosberg, minner of the first
World Championship Australian Formula One Grand Prix,
November 1985.



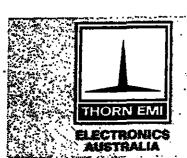
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In a country with it states, South Australia consistently
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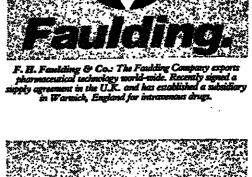
edicated to the support of the Australian Defence Force. Experts in systems engineering and the design and namefacture of military and space electronic systems.

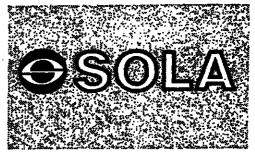




Eldera IXL: Pro-active company with tre











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The companies shown on this page are among hundreds which have chosen South Australia as their base for Australia and the Pacific rim.

Why?

For a start, our central location, broad industrial base and well-developed transport and port infrastructure offer distinct advantages for penetrating the Australian, South East Asian and Pacific markets.

There are other unique business advantages in choosing South Australia. We have an entrepreneurial Government and our industrial relations record has long been the envy of businesses in the U.K. and Europe. Our unemployment rate is low. Proportionately we have more people with the skills and expertise to succeed. We have strong bases in manufacturing, particularly motor vehicles and appliances, in agriculture and technology. We have world leaders in micro-electronics, bio-technology, defence and agricultural research. We also have the technology to nourish new developments.

Because of our expertise in these fields, South Australia has become known as a centre of technological

excellence. As part of this programme, Technology Park Adelaide was established as Australia's first campus-style industrial park and has the facilities, resources and support that are attracting high-technology companies. from around the world.

South Australia is the home of Australia's defence industry. British Aerospace Australia, THORN EMI Electronics Australia and Fairey Australasia are in the forefront of defence research, engineering and electronics. The presence of such companies is spawning new industries and opportunities.

But South Australia is more than a State of business and high-technology. It is a State with an attitude of mind that breeds success. Winning the first Australian Formula One Grand Prix for Adelaide wasn't just a stroke of luck. It was the result of sound and imaginative planning for a financially successful venture.

Most importantly, South Australia is a State with a quality of life that has attracted many British and European people who have seen futures for themselves and their children.

We'd like to give you even more examples of why · South Australia is a good base from which to do business and to show you how our carefully tailored incentives can ensure that your company 'makes it' in South Australia too.

Write to the South Australian Department of State Development or contact the Agent General for South Australia at South Australia House, 50 The Strand, London WC2N 5LW, England. Tel: (01) 930 7471.

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There is no mistaking the change of scene

The time has come to though 32 of the next 40 slots celebrate. Screen. Two... The are filled by ITV. roundshout has turned, the swings have swing, and the swings have swing, and the BBC is back on lop In serms of quality, that is, or prestige because — ironically in view of all the wild talk recently about "BBC ratings victories"— not only is the BBC share of the audience still below 46 per cent this year as it was last year, is is actually slightly worse now than 12 months ago. In the third week of February 1985 BBC? look a 37.1 per cent share and this year it took 37.3 per cent, but BBC2's 8.8 per cent in 1985 alloped to 8.1 per cent this year, so overall the BBC share is half a percentage point down.

What is more, whereas BBC2 was nearly 2 per cent shead of Channel 4 last year, this year it is 2 per cent behind. To be honest there has been only one significant change in the ratings: East Enders has overtaken Coronation Street because the BBC soap opera adds on the figures for its weekend repeat; the ITV series has no repeat. The effect of this in BARB's current monthly Top 50 figures The effect of this in BARB's current monthly Top 50 figures is to give East Enders a clean sweep of the Top 10. No doubt that provides a huge psychological fillip for the BBC, even

the larger share of the audience, the scene has changed radically since those days when all the talk was about the marvellous quality of ITV's Jewel In The Crown and Brideshead Revisited. Today, if you look specifically at drama, there is no mistaking that the most exciting and impressive work is coming from the BBC.

What has ITV brought us this season? Another series of

season? Another series of Toggart in which the dour little Toggart in which the dour little Scots detective with a chip on his shoulder hunts for a murderer who leaves his female victims lying about on waste land while we follow the activities of a suspect who turns out not to be the murderer. That was also the synopsis of the first series. There is another series of Auf Wiederschen Pet, too, but the first episode was so slow that I managed to watch most of the Nine O'Clock News (an area where the BBC is still well below par) without seeming to miss anything significant.

Of the really fresh ITV

Although ITV is still taking

the larger share of the audience,

Of the really fresh ITV naterial, Prospects looks perilously like a series prepared too meticulously to a formula: two male leads, London East End settings, shot on film, semicriminal milien, lots of dashing

subsidiary Euston Films) it has none of the same flair.

Channel 4's Mr Pye would Channel 4's Mr Pye would have delighted my Auntie Ethel who would have considered it the best thing since Mapp and Lucia, declaring "My dear, it's full of such wonderful characters." Myself, I am sick to death of "wonderful character," a phrase too often taken a light of the control of the as licence to go over the top, as in the case of the Albanian cook, played here by Patricia Hayes as a gibbering lunatic, Boon is acceptable enough, but it hardly lashes you to your chair, however keen you may be on Michael Elphick.

Of course the BBC also has its run-of-the-mill drama. The Collectors is a new Saturday series about customs officers with Peter McEnery playing the tough new broom with a not so secretly painful past. Hideaway seems to have taken over from Dead Head as the BBC series which offers unnecessarily explicit violence: we know perfectly well that the Dutch heavies are tough and nasty without needing to see them throwing someone through a

to somebody else.

from his local Essoldo. Naturally enough the standard varies, as does the content, but there has not yet been a real dud. The Silent Twins was a drama documentary about girl a drama documentary about guitwins who refused to speak to the outside world, dabbled in arson, and ended up in Broadmoor. The strength here was the uniqueness of the story. Song of Experience was another of those scrupulously reconstructed 1950s steam train

> adolescence. Frankie and Johnnie was one of the best of the recent spate of thrillers However, the acting by a splendid cast — Anna Massey, Patricla Hodge, Denholm Elliott, Googie Withers and Julia McKenzie (wonderful as mother and daughter). Irene Handl trimming a mouthful of spaghetti with scissors — was a pleasure in itself, as was the

dramas itemising the agonies of

charm have taken me back to it more often than I expected. Artists And Models was not

conventional: it is questionable

whether this was drama, docu-

such a manner that it also made

good sense to take long, careful

sive the BBC list so far would hardly prove the Corporation to

be cock of the walk. But when

you look at Screen Two there is no doubt. This Sunday night

series on BBC2, offering feature length dramas shot on film, is at last succeeding in doing what

I have so often complained

television has failed to do: week by week it is providing the sort of varied entertainment which the regular and reason-

ably demanding cinemagoer used to expect, and often get,

looks at their paintings. Though Lovejoy and Artists And Models have been impres-

The series reached its peak, however, in the previous week with Insurance Man, another remendous triumph for writer Alan Bennett, producer Innes Lloyd, and cameraman Nat Crosby, who were previously responsible for that superb production An Englishman Abroad directed Englishman and

maltzy photography in Alpine

jokey dialogue. Its trouble is, conventional series, yet its locational famously "created" Moscow although made by the same tions, its odd background in the out of Dundee and other British company as Minder (Thames antiques business, and its quiet locations. Richard Eyre locations. Richard Eyre followed suit with Insurance Man, achieving an astonishingly convincing central European feel for the insurance claims office and the crowds peopling

mentary, or arts programme.
Leslie Megahey found a way of
setting the work of three
famous French painters in
social and historical context in Crosby shot it strikingly, as though working for Eisenstein in lucid blue monochrome. Bennett's gristly plot dealt with both his own story of bureau-cratic obscurantism frustrating a dye-worker with a skin ail-ment, and with the essence of Kafka. If British television in 1986 comes up with another drama as outstanding as this it will have been an abnormally rich year.

> Willingness to change your aind is a strength, not a weakness. Only the stupid or the blinkered continue, despite new avidence, to think the same way about everything for ever. How refreshing, then, to find two of the men running Britain's television channels publicly indicating changed minds in one week. Announcing the abandonment of the plan to drop their exist-

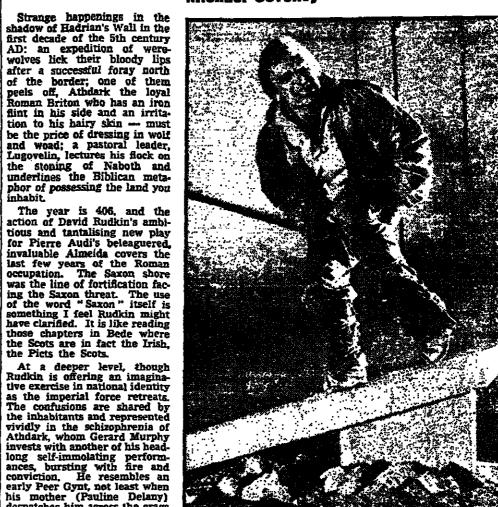
or the plan to drop their exist-ing weekly political programme, Jeremy Isaacs, Channel 4's chief executive, said: "We have frankly changed our minds about A Week In Politics. The domestic political scene. with an election approaching, is just too interesting for us to drop our specialised weekly programme.

And on the Radio 4 programme Feedback Michael Grade, Controller of BBC1, announced a U-turn in the BBC's attitude towards more advanced about corruption in high places.
Last Sunday's offering, Hotel
du Lac, made me, having never
read the book, wonder how it
ever won the Booker Prize.
However, the acting by a splendid cast grammes that we produce at the moment that we give the viewers much more clear infor-mation about the sort of programme they are about to watch so that they can make the decision for themselves."

It has long been my view that the way to deal with violent. the Roman withdrawal. Beacons are extinguished along the wall. The powers of curative evangelism and geological confusion in a Celtic twilight relate this piece to Rudkin's malformed post-holocaust Sons outspoken, or sexually explicit programmes is to ensure that viewers can, if they wish, be forewarned so that only the un-caring or those deliberately choosing to watch will see the supposedly "abjectionable" supposedly "objectionable" material. For reasons best known to themselves BBC chiefs have always opposed this. That they have finally changed their minds is another reason for

The Saxon Shore/Almeida

Michael Coveney



Gerard Murphy

of Light. This, in spite of an occasional muffled articulation, is similar in its inventive linguistic properties. Athdark is painfully trying to learn Latin while the rest—Welsh, Scots, Saxons on either side of the wail—speak an arresting postic argot that smacks of how the Ceitic languages of our ancestral islanders sounded before the Germanic and Norse

The brick interior of the Almeida excitingly evokes the Saxon wall and Hildegard Bechtler's design provides a replaced by Ian McDlarmid.

pyramidical rampart and script in hand, a distinguished various levels among the scatand forceful understudy.

infiltrations.

tered rubble, all brilliantly illuminated in eerie green, flaming orange and searing bright light by Jenny Kalman. There is a little neutrally atmospheric music on tape by

Oliver Knussen.

Apart from Mr Murphy. Pierre Audi's cast does the author proud without access to the extravagances of Sons of Light Jonathan Kent is a steely persuasive pastor, John Rogan an amusingly anachronistic Roman officer. The indis-posed Robert Eddison has been

Penderecki/Royal Academy of Music

Julia McKenzie and Googie Withers in "Hotel du Lac"

The capital is buzzing with approachable and easy to grasp, contemporary music at the moment Last week it was Henze and now it is the turn of Krzysztof Penderecki, for whom the Royal Academy Wagner's Siegfried, the atmospherical property of Months has a control of the capital and the control of the capital and the control of the capital and the cap of Music has prepared a retrospective featuring a wide selection of works, some conducted by the composer himself.

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Perhaps retrospective is not the right word. For this small festival is doing the composer a double service by introducing some pieces which are new to this country. Of these, none is likely to prove more important —or more tantalising—than the short suite of movements taken from the opera Paradise Lost, a work of epic proportions. Premiered in Chicago in 1978 and taken up with alacrity by La Scala, Milan, this major enterprise seems to have fallen quickly by the wayside. Why that should be so is not

entirely clear. To judge from these excerpts, the score is

Wagner's Slegfried, the atmos-phere dark and foreboding, the air heavy with the sounds of bassoons and cellos stirring from the deep. Even the chro-matic motif sounds the same.

As in the Ring, this heralds the unfolding of a grand roman-tic drama. But the excerpts move us quickly to the end of the opera, where Milton's Adam and Eve see an apocalyptic vis-ion of Earth's misfortunes, accompanied by the "Dies Irae" and an all too obvious array of thundering timpani. The musical ideas come too slowly to make a convincing suite, but amid the trappings of a regal operatic evening the story might well be different.

premiere of the concert—the Canticum Canticorum Salomonis of 1973—we had all the block choral writing in quartertones and novel orchestral effects which are more characteristic of the composer's mature style. The Boyal Academy Opera Chorus were taking no chances here and had armed themselves with a battery of tuning-forks.

Elsewhere performance standards under conductors Nicholas Cleobury and Penderecki himself seemed well able to cope. Only the soloists in Paradise Lost were stretched by the technical difficulties they encountered in the extreme (and none too rewarding) vocal writing of their roles. As a fellow Polish musician. Chopin is paired with Penderecki in this festival and So broad a scale of invention the series of concerts, both is not typical of Penderecki's orchestral and chamber, commusic. In the other London tinues until Thursday.

Milwaukee S O/Barbican

Dominic Gitt

The Milwaukee Symphony the name was changed; and under a succession of music directors, most recently under the baton of Lukas Foss, the orchestra has emerged as a band to be reckoned with: of worthy international status, heard nationwide across the US, and here too, not infrequently, on the BBC.

They are an unusually well extatic, instinct the best year had won.

Bruch's concerto. The perform-ance was admirable in many which lingered

all the Arts appears each Friday.

Music/Monday. Opera and Bellet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to

ways; nuent, Orchestra was originally especially of rich and vibrant founded in 1956 as the tone. But it was one-dimensional makes Pops Orchestra (an sional "fine playing." well offshoot of Arthur Fiedler's Boston Pops). Three years later the name was changed; and under a succession of music directors, most recently under sense throughout the concerto, but especially in the last move-ment, of being present at the final round of a competition which the best student of the Lukas Foss is one of those

infrequently, on the BBC.

They are an unusually well erratic, instinctive conductors balanced orchestra, with full, whose performances seem to solid strings, warm brass, nicely succeed or fail for none of the graded woodwind. They opened obvious reasons. They are, by on Monday with Copland's Fandlarge, the most rewarding fure for the Common Man, and sort, for their best productions an expansive, relaxed account are shrouded in a delicious of Charles Ives's Decoration mystery. It was not a great Dany unforced perfectly tuned, performance of Beathoven's Day: unforced, perfectly tuned.
good to listen to.

Nigel Kennedy — "Britain's Milwaukee gave as their finale foremost violinist" as his biographical note would have us vision, it was strongly sustained, believe — was the soloist in and it had a beautiful lyrical

New York City Ballet

David Vanghan

Bass, a member of the corps de ballet who died of cancer

The evening was the culmination of a season of four-teen weeks, five of them devoted to the annual holiday revival of Balanchine's Nut-crucker. Two new ballets were What it actually evokes is the world of the Broadway musi-cal-it is like an Agnes de Mille ballet for a Rodgers and Ham-merstein show. Choreographic-ally it is far from incompetent. presented, one by Jean-Pierre Bonnefoux, a former principal of the company, and one by Peter Martins, who now shares with Jerome Robbins the bill-There are some pretty duets, and several younger dancers are given a chance to shine, espe-cially Nichol Hlinka, whose air ing of Ballet Master in Chief. of self-possession draws one's eye. But even she cannot give Bonnefoux's Shadows seemed to be about the break-up of a any sense of reality to a piece whose relentless desire to charm

marriage, or at any rate a "relationship." The possibility that it was a ballet d clef, so to speak, was given credence by the casting of Patricia McBride. Bonnefoux's former wife, in the leading female role. She has a strong dramatic presence, but the element of drama seemed to be grafted on to an essentially abstract structure rather than organic to it.

last September.

despatches him across the crags

Nearer home, the lost Britain of King Lear is invoked in the sombre death of an old sage, borne on a sedan chair while

mourned by his daughter Ceiriad (Joely Richardson), a

druidic priestess who encounters Athdark as she tends

her shrine. There are pro-cessional scenes of black-cowled

acolytes bearing torches, the transportation of Athdark to a

community he takes to be Paradise and his vision of their

shining city of light, and the reception of the Emperor Honorius's letter announcing

in search of a goat.

Earlier in the season Peter

The New York City Ballet's Martins was occupied elsewhere winter season ended on Sunday with the Broadway production of Andrew Lloyd Webber's Song performance for the Dancers' Emergency Fund. The performance. His new ballet for his own company, Songs of the Martins was occupied elsewhere of them should be. Two whose values seem debatable were restored to the repertory during this season. Slaughter on Tenth Avenue, the ballet from On Your Toes, was in the City Bal-The New York City Baller's marins was occupied eisewhere wither season ended on Sunday with the Broadway production at the Broadway production with a benefit performance for the Dancers' Emergency Fund. The performance was dedicated by the dancers to the memory of Auvergne, danced to the well-let repertory from 1968 to 1972, and revived for the 1982 Broadway production of them should be. Two whose with the Broadway production of them should be. Two whose wither season ended on Sunday with the Broadway production of them should be. Two whose values seem debatable were restored to the repertory during this season. Slaughter on Tenth Avenue, the ballet from On Auvergne, danced to the well-let repertory from 1968 to 1972, and revived for the 1982 Broadway production of the should be. Two whose with the Broadway production of them should be. Two whose with the Broadway production of the seem debatable were restored to the repertory during this season. Slaughter on Tenth Avenue, the ballet from On Auvergne, danced to the well-let repertory from 1968 to 1972, and revived for the 1982 Broadway production of the repertory during this season. Slaughter on Tenth Avenue, the ballet from On Auvergne, danced to the well-let repertory from 1968 to 1972, and revived for the 1982 Broadway production of the repertory during the season. Slaughter on Tenth Avenue, the ballet from On Auvergne, danced to the well-let repertory from 1968 to 1972, and revived for the should be. songs of that region by Marieplayed in London last year. There is some question as to how much of Balanchine's own Joseph Canteloube, purports to show a day in the life of a community, "from sunrise to sun-

choreography survives in the present revival. Brahms - Schoenberg Quartet has been out of the repertory only since 1980. It has been brought back in extravagant new designs by David Mitchell; these attempt to give the ballet a programmatic coherence that it does not otherwise possess.

Looking at the magnificent line-up of dancers in that clos-ing night programme—Farrell, McBride, Kyra Nichols, Merrill Ashley, Darci Kistler, Maria Calegari, Stephanie Saland, Ib Andersen, Sean Lavery, Adam results in a sentimentality to match Canteloube's cloying orchestrations. Lüders-it was evident that the company's vitality still consists in their sense of commitment to Balanchine's artistic vision. Sooner or later there must be New York City Ballet still largely exists on its patrimony, the Balanchine repertory. No doubt it will do so for many years to come. Questions that will continually arise will be found a solution to the problem of finding new choreography to ensure that this vitality and not only which Balanchine bal-lets can be revived, but which renewed. commitment may continue to be

Arts Guide

Theatre

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor.

third-rate farce is a key factor. (836 8888).
Sarlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskabing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around: Disneyland, Star Wars and Cats are all influences. Pastiche sore nots towards not, country and hot gossel. wards rock, country and not gospel. No child is known to have asked for

his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tan-dencing extravagenza has been rapturously received, (836 8108).

(830 alue). Sarmum (Victoria Palace): Michael Crawford with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards \$224735). Guys and Dolls (Prince of Wales): The

1982 National Theatre production has arrived in the West End; if any thing improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Mastarson of Clarke Peters. Richard Syre's production and John Gunter's affectionately large, designs and John Counter's affection and John Counter's affection and John Counter's affection and John Counter's affection and John Counter's affecting and John tionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the re-cently deceased co-libratist Abe Burrows (9308881).

Torch Song Trilogy (Albery): Antony
Sher plays Harvey Fierstein's fourhour triptych of the life and loves of
a drag queen fighting for emotional
and domestic stability. Truthful
playing has the effect of cruelly exposing Fierstein's tackily unevan
writing (838,3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid
rising inimitably above the material, Jean-Pierre Aumont and Sian
Phillips lending more conventional
support. John Dexter directs, Jocelyn Herbert designs. (437,3888).

Interpreters (Queen's): Love among
the diplomats, according to Ronald
Harwood has a superb role for the
matchless Maggie Smith renewing a
cross-cultural affair with Edward
Fox in the shadow of a summit hetween The Soviet Union and Britain. Pluent direction by Peter Yates
of the West End's best new play of
the year. (734,1165).

Lennon (Astoria): A not too critical
celebration of the life and music of
John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's
Lennon look-and-sound-alike.
(734,4287).

look-and-sound-alike

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer
John Napier and lighting man David Hersey, Colm Wilkinson superb
as Jean Vallean. A melodramatic
distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. The Scarlet Pimpernel (Her Majesty's): Donald Sinden in respien-

Donald Sinden, who is playing at Her Majesty's my voiced form as Baron-

ess Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish produc-tion has smoke, tumbrils, rat stew and rolling heads. (930 4025).

As You Like it (Barbican): Much improved since last year's Stratfordupon-Avon season, Adrian Noble's loosely Edwardian production now emerges as a secret-garden adventure where Rosalind (Juliet Stevenson) has the sisterly devotion of Cel-ia (Flona Shaw) threatened by Orlando (Hilton McRae). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also inchudes a fine Othello with Ben Kingsley and, in The Pit, Christo-pher Hampston's absolutely breath-taking, unmissable version of Les Linisons Dangereuses (828,8795).

Are You Lonesome Tenight? (Phoe-niz): More musical hagiography with Alam Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294). Blithe Spirit (Vaudeville): Excellent re-

vival of Coward's eternal triangle comedy, notably well costumed and lit, with Jane Asher and Joanna Lumley fleshy and ethereal foils to Simon Cadell's sexually threatened suave novelist. Marcia Warren is a fine Arcati, a serious amateur in woollens and psychic research from South London (836 9987),

WASHINGTON

The Wild Duck (Kreeger): Romanian director Lucian Pintilie follows his production of Tartuffe with the Ibsen classic, again using the stun-ning set and costumes of Radu and Miruna Boruzescu. Arena Stage (488 3306).

CHICAGO

Fences (Goodman): James Earl Jones plays a 1950s baseball player capable of being in the major leagues but subject to discrimination because he is black, in August Wilson's latest drama about the American black experience. Ends Mar 9.

Feb 28-Mar 6

NEW YORK

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (48th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish house-hold where young Eugene falls awk-wardly in love with his cousin, (221 1211). Chorus Line (Shubert): The longest-

running musical ever in America has not only supported Joseph Papy's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions.

(239 6290).

Le Cage anx Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capation of the state and blury. tore the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2826).

(157 2020).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they

almost conquer the world when they think they are just bickering with each other. (2396200).

Big River (O'Neill): Roger Miller's music rescoss this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1965 Tony awards almost by default. (2460220). المرام والمراوسة والمراوس المستعملات والمستعملات

Saleroom/Antony Thorncroft Rarities in porcelain

per cent unsold. The top price of £46,200 was paid by the London dealer Winifred Williams for a rare signed castelli table top, decorated with hunting scenes painted around 1760 by Francesco Saverio Grue. It measures 59.5 cm in diameter and entered the saleroom with a modest top estimate of

£12,000. £12,000.

Another London dealer,
Adams Antiques, paid £28,600
for a rare Melssen tea and
coffee service dated 1768. It
contains 19 pieces with
anthropomorphic scenes which
are unknown on other Meissen
services, Once again Sotheby's
placed a top estimate of £12,000
on the lot.

The German dealer Roebbig the first morning session, with paid £27,500 for a Nymphen-burg figure of a female eggseller (top estimate £8,000). Among the German faience a Schreibeim plaque, painted around 1760 by J. A. Bechdolff with a seene of Rebecca at the well, made £15,950. The same

An important Hispano the Emperor from Kyoto. It Moresque aquamanile of the sold for £4,536 (double its late 15th century, a water jug estimate).

After Christie's success on from the Valencia region, Monday with porcelain from the doubled its forecast at £15,400. Fulda Factory in Hesse yester- It is in excellent condition, with day it was Sotheby's turn to an animal head spout. (Only dispose of continental porcelain.

The sale totalled £488.490, but with a relatively high 18.45

There was a major dispose of the sale of

There was a major dis-appointment when the top lot, a rare Florentine albarello of the mid 15th century, which could have topped £35,000, was withdrawn just before the sale. An album of 98 Japanese prints by Hiroshige entitled One Hundred Famous Views of Edo

(some are missing) sold for £21,600 at Christie's yesterday at the start of a two day sale of Japanese works of art. The price was double the forecast; the buyer was the Japanese dealer Mita. He paid £5,940 for two prints by Hiroshige, one of which was the famous "Sudden shower at Atake," depicting peasants crossing the Great Bridge in a rainstorm The sale totalled £120.603 in

a relatively high 21 per cent unsold. Matsushita of New York paid £9,720 for an album of 55 prints by Hiroshige.

sum secured a Meissen Augus-tus Rex vase and cover of 1730-1735, probably painted by Stadler.

an example of unusual quadra-covex shape, depicting the royalist Daimyo Nawa no Naga-toshi kneeling beside a pine tree, watching the departure of

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday March 5 1986

Exchange rate anxieties

reform seems to be coming definitely.
back into fashlon. It is understandable that people are less than happy with the present system, but there is a great deal of ground to be covered before it is realistic to con-sider getting back to any system of stable, managed rates internationally.

rates internationally.

The causes of the decline of sterling and the dollar are quite different, but both in their way illustrative. The dollar started falling simply because it had risen too high, in the ordinary manner of financial markets. In a world of free capital movements, a market tries to equate the in various currencies; but since that return itself contains a large element of the expected movement of the exchange rate, any change in expectations produces a large

movement.

All the same, this market correction showed signs of reversing itself long ago. The downward momentum has been maintained only by a series of official interventions — either market interventions, as after the Group of Five agreement innovation in financial instru-last September, or simple ments and techniques. It is a verbal interventions such as we have observed in the last ten days or so. Either way, markets do now believe what they is now seething into other more previously refused to believe; reluctant centres like Frankthat official policy can push furt, Paris and Tokyo.

a currency down. Whether it can arrest the fall is less placed on macro-economic

Clean floating

Sterling, meanwhile, is responding to developments in the real economy. The fall in the price of oil and changing expectations about its future price, seem to have an exaggerated effect on the exchange rate. In this case, the Government has Five in the Plaza Hotel last not expressed a view on the desired rate, but has merely said that a fall in the real exchange rate would be an appropriate response to a lower oil price. At the same time, it has recently refrained from interven-

sang froid if the rate falls in-

There is no easy escape from nerve-racking times in a world of free capital movements. This is the key to the volatility of which industrialists and now governments are beginning to complain, and there is a stronger reason than their nervousness for thinking the com-plaints are justified. It might be said that, whereas the Bret-ton Woods system delivered stable exchange rates because capital movements were controlled and trade was increas-ingly free, we are now reaching a system where the wild diver-gencies in competitiveness produced by capital market swings are leading to growing pressure for protectionism in the market for goods.

It would clearly be absurd to sacrifice free movement of goods, which is the real source of growing international specialisation and efficiency, on the altar of financial freedom. But equally to impose new checks on capital movements would mean swimming against the tide of new market technology, rapid communications and persistent has been greeted as inevitable in the City of London and which is now seething into other more reluctant centres like Frank-

could not escape the fashionable pessimism which determined the perception, if not the reality, of the sector. In the years immediately before 1982, the Americans, helped by a weak dollar, had wrested from the Germans their traditional too place in the league table of policy co-ordination between the major currency powers and a greater readiness to listen to the International Monetary sharp cyclical downturn in Fund in its almost forgotten global demand for investment role as monitor and arbiter of the exchange rate system. This would be the best way to add continuity and consistency to the start made by the Group of pioneering skill in low cost series production of Items like machine tools and in the appli-

If this approach fails to stablise the market in the face cation of electronics to their of real shocks — shocks about oil, shocks about debts, shocks about political developmentsthen governments will have no option but to take further steps Ing in the money markets.

A system of clean floating can work quite well when governments refuse to take a view on markets are an adequate match the rate; but as the market for the funds that the private depreciates, the Government sector can mobilise to demay not be able to preserve its stabilise them.

Public confidence in nuclear power

Selafield reprocessing plant and elsewhere has provoked some wild fears which are threatening the Suffolk coast. to set back the cause of nuclear

exasperation or to dismiss the oil prices. stories as a lot of fuss about It would nothing has been counter-pro-

Disquiet about disposal of ingly accident-proue for a plant which is handling dangerous dangerous substances. The health and safety inspectors who are starting their audit of

is necessary to make assurance doubly sure. The spotlight of publicity is now so harsh that public anxiety will have to be given almost equal weight with technical appraisals when making investment decisions.

Reprocessing

This repair job on public confidence may prove expensive, but Britain cannot do without the Sellafield plant and its needs nuclear power.

The nuclear waste which already exists or which will be produced by the existing power produced by the existing power stations will have to be processed for many years. Closure is not a credible option, nor is it necessary. Nuclear waste reprocessing and disposal may be added the economic case for the PWR, which remains strong

industry is, in an important again. sense. different. Radiation is invisible and mysterious. It

THE RECENT spate of reports will have to make an investment of nuclear radiation leaks at the appraisal later this year for the proposed Pressurised Water Reactor (PWR) at Strewell on

The decision will depend to a energy in Britain.

Much of this public alarm is Sir Frank Layfield after his the product of ignorance. Even so, the nuclear industry's tendency to retreat into haughty

It would be a grave mistake, however, if ministers used these difficulties as an excuse to push Disquiet about disposal of nuclear wastes has become a political fact, which is not entirely ill-founded. Sellafield appears to have been disturbingly accident-prone for a plant which is handling dangerous political vacillation.

Now, after many years of argument, the Central Electricity Generating Board wants the plant this week must pro-ceed with all possible speed to discover what needs to be done discover what needs to be done decision of such technical compared to tighten up safety procedures. Their findings will have to be made public without any attempt at camouffage.

The plant's new maangement Cabinet seems to be that the Cabinet seems to be that the Cabinet seems to be the process of the process of the seems to be the cabinet seems to be cabinet seems to be cabinet seems to be cabinet seems to be the cabinet seems to be cabinet

must then be given full govern- CEGB knows its business and ment backing to spend whatever that the Nuclear Inspectorate should not be second guessed in its job of ensuring the safety of the public. If Sir Frank has serious doubts on this score, then they should be made public as soon as possible. In any case it is important that his verdict this spring should be complete and unequivocal, so that the Government can proceed to a decision without more

delay. There is no reason why nuclear power should not be at least as safe as, and consider-ably cleaner than, other sources

reprocessing and disposal may be added the economic case for present dangers, but so do jet the PWR, which remains strong afteraft, cars and coal mining in spite of the recent weakening The dangers can all be mini of oil prices; for Sizewell B mised by investment and careful would be operating long after present North Sea oil reserves Yet the authorities have been have run dry, when prices are slow to realise that the nuclear generally expected to be rising

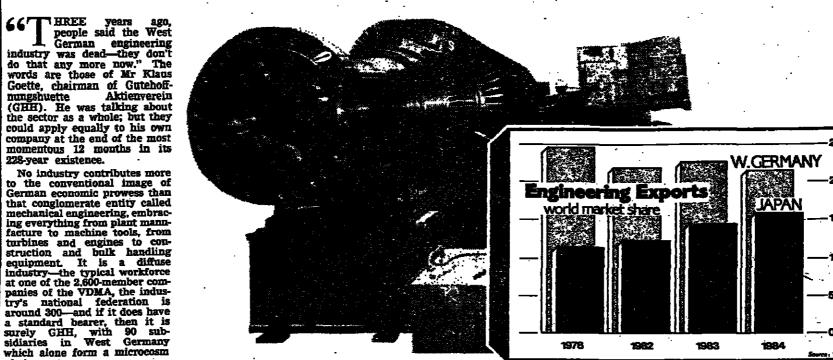
The Government may need some determination, and a inspires some primitive fears of major effort to improve public the unknown, which Mr Kenneth Baker, Environment Secretary, has compared to the mediaeval horror of witchcraft.

This makes the subject uncompared for politicians, and will become steadily for Mr Pater Walker. especially for Mr Peter Walker, petitive compared with its the energy secretary, who nuclear neighbours like France,

WEST GERMAN ENGINEERING

An industry bounces back

By Rupert Cornwell



to make way for Mr Goette, sent in from the Allianz insurance company, indirectly the dominant shareholder of GHH

An industrial philosopher had had had his own plans to re-organise the group and strengthen Oberhausen's hand over its wayward daughter. He had instigated a harsh rationali-sation at MAN. In the event, though, it was Mr Goette who was to put them into effect and luck was on his side.

decline. The dollar strength-ened and the US economy leapt ahead. Demand for capital equipment gathered pace, at a time when the D-mark was looking increasingly undervalued. Exports surged by 15 per cent, led by machine tools, printing equipment and foundry and

rolling plant.

By January 1985, orders were running 24 per cent higher than a year earlier. The pace slackened later but for all of 1985 the rise was about 12 per cent. The VDMA estimates that the volume of the On top of all that, GHH had a special difficulty of its own: its relationship with its largest subsidiary, Maschinenfabrik-Augsburg-Nurnberg (MAN). For years MAN, based far away from its parent at Oberhausen in the Ruhr, had been its own master, despite the fact that moment to move.

The VDMA estimates that turnover advanced last year by guilly from its parent at Oberhausen in the Ruhr, had been its own grew by 3 per cent to 1.05m. In the engineering in the engineering in the sector events in the engineering in the sector events in the engineering in the Ruhr, had been its own grew by 3 per cent to 1.05m. In the sector events in the engineering in the engineering in the sector events in the engineering in the engine

For almost as many years the arrangement had worked well fiss the group slashed its work-frupp and Thyssen of their enough; but then in 1982-83 lax force from 70,000 to 54,900 as financial control and an ill-judged reading of markets for of 6,000 jobs in its commercial whan's key products of heavy trucks and engines yielded the bitter fruit of a DM 300m oper-in the engine manufacturer with which Mr Goette has acted the more to follow. bitter fruit of a DM 300m operating loss, with more to follow.

However, the most famous Daimler Benz, netting some thead to roll as a result of this disaster was not to be found at MAN. Instead, Dr Manfred Lennings, chief executive of GHH for eight years, was ousted in the engine manufacturer with which Mr Goette has acted Motoren-und Turbinen Union to command much admiration among his peers. Furthermore, the shift to tougher controls mirrors a process which has anchors to the Ruhr, sold its been underway among engineering companies since the mid 1970s, and which still has a

All the while, operating performance was improving. MAN made a profit of DM 32.5m in 1984-85, helping the group to show earnings of DM 123m, apart from the windfall gain the MAN to the subordination of MAN, traditionally run by engineers, proves how the role of financial specialists is growing.

It is too early to say whether the MAN to the tough the same at the same and the same at the been replaced by a hard-nosed from the MTU sale. Group finance specialist. Dr Lennings had had his own plans to reper cent. "There's no doubt than expected," a Dusseldorf analyst comment.

Finally, in September, Mr Goette unveiled his scheme. To ensure that GHH spoke with one voice instead of two, parent would merge with subsidiary. The Goette era at GHH has coincided with a resurgence of the entire mechanical engineering sector, for reasons the exact stead of the Ruhr, to run eight for the effective end of 145 years of independence by the knowledge that the new holding company would be called MAN AG—even if it would be headed

specialists is growing.

It is too early to say whether the tough therapy at GHH/MAN, flying in the face of so much history, will stick. "The marger is homeonical the curs." that the general upswing helped merger is happening—the ques-GHH back to health quicker tion now is whether Goette can motivate his people, and a lot will depend on the second level of managers," says a Ruhr industrialist who has followed the story closely. Nor would a little more help from outside come amiss.

By any standards 1985 was a operating subsidiaries. For Oberhausen it was a bitter levels, around 90 per cent. At blow, the departure of a company which had shaped the town. MAN could be consoled for the effective end of 1/2 boom year for German enginanalysts estimate, suggesting that whatever happens, output will rise by 5 per cent in 1986. "Almost everyone is sold out," reports a leading engineering consultant. "How to declog plant is a problem we're always being asked about."

The sheer standing of engi-

neering in Germany has also served the industry well. Instinctively, German managers

disastrous effect.

Above all, the Japanese neurosis has disappeared. The industry recognises that Japan-ese manufacturers are probably and 1984. Germans reckon they have made by international standards, no Germans supply what other up the electronics gap—"every second manufacturer in mechanical engineering here is now using computer-controlled by international standards, no Germans supply what other people don't want to make."

The very success of the industry abroad in the past two what other people do want to years could, however, prove a

We are more flexible and creative in organisation and people," says Mr Berthold Lei-binger, an engineer by training and head of the Trumpf group, which exports about 60 per cent, of its DM 345m sales of punching, "nibbling," and laser cutting machines. "The Japanese have great difficulties when you want something which is not in the system. In technical terms, we are Number One."

And statistically, despite a notable encroachment by the Japanese, that remains the case. VDMA study shows that in recognised sectors of the engineering industry in 1984, the Germans were export leaders in 22 of them, followed by the US with 11 and the Japanese with eight.

True, the gap has narrowed since 1978 when Germany led Japan by 25 to three—and in some fields, like weighing equipment, moulding machinery, compressors and vacuum pumps, the Japanese used the interval to overtake their rivals Instinctively, German managers think in longer cycles than their roots, and mean that big mistakes (as at MAN) can escape for a long time. But it also meant that German companies did not jettison designers and other key engineers when times were bad a few years ago—as did many US machine tool companies, to disastrous effect.

Above all, the Japanese interval to overtake their rivals one analyst reports that engineering companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for the companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for the companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for the companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for the companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for the companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for the companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for dering companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for dering companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for dering companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for dering companies are raising torvincingly. But in high precision tools, on the other hand, estimated sales and profits for dering companies are raising torvincingly. But in high precision tools, on the other hand, and profits for dering companies are raising torvincingly. But in high precision tools, on the other hand, and profits for dering companies are raising torvincingly. But in the sale and profits for dering

ese manufacturers are probably and 1984. All this, and the of its misfortune, the GHH undertable in cheaper series undervalued D-mark, saw to it group invested an unprecedant that German labour costs were, deuted DM 687m. "Besides, the by international standards no Germans."

mixed blessing. Of that DM 160bn turnover, DM 93bn or 58 per cent is reckoned to have been exported last year—giving a favourable balance of DM 55bn, against an overall 1985 German trade surplus of DM

But for all the optimism there is now doubt about how long things will continue in this vein. The sharp appreciation of the D-mark against the dollar the D-mark against the donar brought a dramatic shift in the final months of 1985. GHH, for example, was still able to report a 12 per cent advance in orders between July and December. But VDMA reckons that in December alone export demand in the industry dropped 10 per cent from a year earlier, and was down by 6 per cent in the final quarter compared with 1984.

Engineering, like the West German economy as a whole, now has to prove that it can flourish even when export prospects are not so bright. Long lead times for orders in hand mean that the pressure will not be acute for a while: GHH is forecasting earnings in 1985/86 at least equal to those of

tools," according to a Stuttgart analyst—thus permitting full scope to their traditional bent for specialised tailor-made tool to the traditional bent for specialised tailor-made below DM 2.30 (compared with the tool to the traditional bent below DM 2.40 only 11 months over DM 3.40 only 11 months ago) obviously we feel uncomfortable." The discomfort could become worse if the mark. as expected, is revalued in the EMS against the currencies of European competitor countries —or if this year's pay round in the engineering industry comes out close to the union's ceiling

demand of 7.5 per cent.

Behind everything lurks the fear of a downward lurch in the wider business cycle-along the lines of the past. The pattern is classic: the currency rises, hit-ting export demand first of all. Then companies complete spending programmes, holding investment down thereafter. Could it happen again?

For the moment, probably not. Domestic demand, in 1986 at least, seems likely to make up for any decline on the export side. West German capital investment, crucial for the engineering industry, is generally expected to grow again this year, by 8 or 9 per cent. At least one analyst reports that engi-neering companies are raising

of higher productivity (up 3 periods to come up with better per cent in 1984) and of wages solutions," says a consultant: held below prices between 1979 indeed in 1982-83, at the depths

Me on

Contract of

EM

Rice grows confident

of the sector.

With its 55,000 payroll and sales of DM 14.6bn, GHH represents over 9 per cent of the country's total mechanical engi-

neering turnover. The sector accounts for a similar slice of

the country's total GNP. And if the industry was feeling sorry for itself back in 1982 and 1983, GHH was more miserable still.

Like everyone else, GHH

could not escape the fashionable

top place in the league table of

International recession and a

goods only made matters worse. Pervading everything was an

obsessive fear of the Japanese

by then coming up fast in third place on the flood tide of their

world engineering exporters.

Victor Rice wil deserve whatever celebration his colleagues at Massey-Ferguson may be planning for his 45th birthday on Friday. For the third time in five years, the chairman of the venerable but financially stretched Toronto-based farm machinery and industrial engine maker has persuaded 140 lenders in seven countries to come to the company's rescue.

The creditors have agreed to convert much of their debt to equity to help capitalise a new company for Massey's lossmaking combine harvester business, and to extend the terms of the remaining loans. Rice, the ebullient son of a

London chimney sweep, has managed to squeeze more than US\$1bn in concessions out of Massey's ceditors since 1981. But he agrees that both he and the lenders (which include Canadian and British govern-ment agencies, Royal Bank of Canada, and Canadian Imperial Bank of Commerce) "would have baled out long ago" had they foreseen the protracted slump in the farm machinery market which has been at the

Sothebys

"Do you think Lord Gowrie's otion means that they're going into privatisation sales?"

Men and Matters

root of Massey's troubles. "To me, the past seven years seem like 70 years, paring down and cutting back this company."
Rice says. Massey's workforce
has shrunk from 67,000 when
Rice took over in 1978 to about

Rice argues — perhaps opti-mistically — that the latest restructuring has turned Massey into "a perfectly ordinary, normal company" ready to pursue its diversification plans. Seldom able to resist a wisecrack, he commiserated with reporters: 'It is a sad day for you. Never again are you going to be writing about 'financially-troubled' Massey-Ferguson."

A living

"My father never told my mother what he earned, and I don't propose to tell you what

Thus, robustly, did Matthew Parris, picked to succeed Brian Walden as the presenter of television's flagship current affairs programme, Weekend World, fend off journalists' questions yesterday on his presumed mega-salary from LWT. One wonders what his response will be if interviewees on his Sunday scapbox are similarly unforthcoming in

response to his questions. John Birt, director of programmes at LWT, tried to put inquisitive minds at rest. "It The ducks and dragonflies lobby will be more than adequate for his needs," he chuckled.

to private enterprise will mean sale of two 19th century reser-a by-election at a difficult time voirs in Stoke Newington, north for the government. Did that disturb him?

"All my colleagues in the House and the Derbyshire party officers have wished me luck," area may suffer. Swans, Canada he says. "I hope my constituents will not begrudge me rare smew would all be threat-

Birt insists that Parris was the first choice for the job. He

Touch down

couldn't refuse.

Pierre Pailleret, jet-setting ex-marketing director at Airbus Industrie, the European airliner consortium, has now landed in France's nationalised Suez financial group.

an elegant style of oratory. So

Pailleret, who left Airbus at the end of last year after disagreements over the group's strategy, started work yesterday at Suez, with a brief to help expand the group's international corporate finance activities.

From 1982. Pailleret headed Airbus's around-the-world sales campaign. He played a major role in clinching the big Air-bus sale to Pan American Airways in 1984.

Pailleret, who got to know Jean Peyrelevade, the Suez chairman, when he was at Credit Lyonnais, will be helping Suez to seek business opportunities in venture capital, consultancy and investment banking. He has ideas about increasing Suez's involvement in airliner financ-

- never a high flier politically - is about to swoop on the Parris, aged 36, is of course management of Thames Water, still the Conservative MP for angry that the authority's pri-Derbyshire West. His defection vatisation plans may include the London.

Conservationists fear that if the reservoirs should fall into ened along with the lumine

dragonflies that sparkle among

the reeds.

A "Save the Reservoirs"
campaign has been started, and Roy Watts, Thames's energetic chairman, has been invited to a public meeting next week. Thames prides itself on its concern for the environment.

Its river basin management programmes are considered models had "transparent honesty of round Britain and in Europe. purpose," together with wit and "The crested grebe is safe with us," Chris Bailey, head of publicity for Thames, avers. "We are talking to all bodies concerned in this affair, and if they made him an offer he we do sell the reservoirs, it will be with general consent."

War words

The large number of exotic technical projects sponsored by the US Star Wars programme has provided the more imaginative Pentagon planners with an excuse for creative christening

of individual programmes.

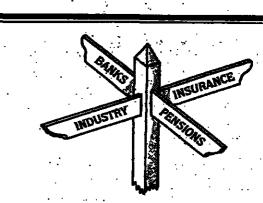
A good illustration is Porcupine, a project to design several thousand small satellites, each with up to 10 rockets poking out, which are intended to destroy any Russian missiles in the vicinity. The Pentagon has turned to

an ancient stem in coming up with Sagittar, which describes a system to destroy missiles with small bullets accelerated by electromagnetic forces. The defence planners started with Sagitta - Latin for arrow and then added an "r," perhaps to stand for the rails along which the bullets would be propelled in a working launcher. My etymological favourite is the word chosen for a space

vehicle which flies out to a group of marauding missiles. moving in formation with them before destroying targets one

The Pentagon has had some funl labelling this scheme Braduskill. Bradus is Greek for slow, as in the English words bradyspepsy, meaning slowness of digestion, and bradypod, a class of mamals which crawl rather than run.

Observer



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SINGAPORE is faring a quiet revolution. It has come in the disguise of a pedantic, 383 page report to the government that offers, for Singapore, some startling advice—that government dominance of the econony needs to be reduced, and that private business needs to be unlesshed and spurred

The report, published last month, launched a hard hitting attack on the economic orthodony that has become a trademark of Mr Lee Ruan Yew, the Prime Minister of Singapore, who has towered over this tiny tropical island state for its entire 26 years of

Under Mr Lee's firm leadership, the economy expanded by an average of 9 per cent annually for twenty years prior to 1984, earning Singapore an outstripped its role in the world

Yet last year Singapore's great momentum of growth suddenly and unexpectedly expired. The economy shrank by 1.7 per cent, 90,000 jobs vanished, and the profits of foreign immunischaring firms, whose investisents are vital for Singapore, plunged by 70 per

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The report concludes that Mr Lee's favourite chestnuts—the high wage policy, high forced savings, grand government investments in industry, and lavish public construction projects—helped plunge Singapore jects helped plunge omgapa-into deep recession. And it recommends radical changes that will undo much of Mr Lee's work and thereby set free the

private sector. The report is a watershed for Singapore because its assault on orthodoxy could, after a fashion, become policy.

On the other hand, there is

considerable scepticism in the business community as to whether the reforms can be pushed through the Govern-ment and if they are whether they will not be reversed in two to three years. The report's call for a cut in corporate taxes from 40 per cent to 30 per cent, for example, has already been pared to 33 per cent by the deputy Prime Minister Mr Goh Chok Tong.

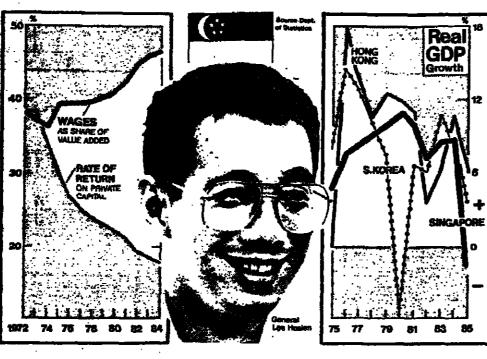
The report's other significance is that it marks the firm launching of a new generation of political leadership that has risen to prominence by reaching out to the public to build consensus, instead of preaching from on high about what is best

for the nation.

Brigadier General Lee Hsien

Leong, the 24-year-old son of the Frime Kimister, chaired the economic committee that drafted the report. His appearance in the autumn of 1984 as exceeded increases in labour costs ance in the autumn of 1984 as exceeded increases in productions. a candidate for parliament tivity by 3 percentage points raised many eyebrows per annum, a gap that widened Nepotism is an ancient Chinese to 9 percentage points after

Singapore's faltering economy



General Lee tries to push back the state

By Steven Butler, recently in Singapore

had yet to prove himself. Now, riding high in the well-publicised role of Committee Chairman, he has emerged as a man of political substance the very man, and perhaps the only man, who can gracefully overturn his father's proud legacy of powerful government domination over the economy. The fall of Singapore's economy has been hard and fast, Exports zoomed shead during the 1970s, spurred along by large government invest-ments in shipbuilding and petroleum refining.

But both of these industries turned sour, with oil exports falling sharply from 1982. Singapore then found its conomy squeezed from from economy another direction—the govern-ment's much-vaunted high

Nepotism is an ancient Chinese to 9 percentage points after custom, and the younger Les 1982 and resulted in a 40 per

cent increase in unit labour costs in just six years. Singapore had priced itself out of the international market. The effects of these trends re-mained hidden until a massive boom in domestic construction

finally crashed last year.

The contraction of economy has highlighted yet another severe distortion caused by government policy—Singa-pore's incredible 42 per cent rate of sayings, the highest in the world. The government forced employees each to contribute 25 per cent of wages to a government pen-sion scheme, the central provident fund (CPF).

The government's near-monopoly over savings made plenty of money available for property development, an ingenious aspect of the CPF plan that has turned Singapore into a model city. But the CPF touch.

starved the private sector of capital. While construction tharp cuts in corporate taxes.

a wage freeze for two years and a wage freeze for two years an and other manufacturing equip-ment grew by just 3 per cent

This intricate and interlocking web of bad news has forced Singapore's Economic Committee to recommend radical changes in policy.

hardest nut first with a painful and controversial proposal to cut the employer's contribu-tion to the CPF by 15 per cent. a move the committee expects will cut wage costs by 12 per

The cut will take a slice out of every Singaporean's pension and will cause immediate diffi-culties for many who use the ments for housing. If implemented the CPF plan

would represent a startling political reversal for Singapore. Only last August, after the economy had begun its slide, The Prime Minister said the

annually between 1981 and a piethora of detailed policy 1984, spending in machinery changes that touch on virtually every aspect of the economy. Even if the committee's

recommendations are fully acted upon—and that is a big if—the road to recovery will be long and drawn out. The committee says that the CPF and tax cuts should restore growth to the economy after 18 months, and in the meantime that Singaporeans should brace themselves for a drop in living standards.

In the long run, it suggests Singapore must expand its role as a service centre for the south east Asian region. That obviously will have to wait until raw material prices pick up again and growth returns to neighbouring countries.

The report has highlighted once again Singapore's remark able dependence on the outside world, and the fragility of its success. Fully two-thirds of total demand is generated exter-nally, far higher than even Hong Kong, where external demand reaches 48 per cent.

The breadth of the com-mittee's report is indeed re-markable. But already signs have sprouted up that a long political battle lies ahead. The work of the young committee chairman, General Lee, who has heen promoted to be acting Minister of Trade and Industry, may thus have just begun, and his political future could hinge on how well both the report and the economy fare.

It would be unnatural if the entire second generation of political leaders in Singapore, who rose to prominence in the 1870s, and are now cabinet ministers, did not watch the rise of the Prime Minister's son with considerable apprehension. The Prime Minister himself has evidently warmed to his son's very effective leadership of the economic committee an hievement which many participants praised. Not an economist himself, Gen Lee did

his homework. He grasped the discussion and led the committee to a consensus.

Almost imperceptibly the ng shadow of Prime Minister Lee Kuan Yew may have begun to shorten. The initiative for solving the island-state's economic problems has passed from his hand, even if final authority over it remains firmly in grasp. The Prime Minister says he will

Speculation that his son may succeed him may prove pre-mature, at least in the near term. Yet the transition to a government that reaches out to the public to build con before acting appears irrever-sible. The public's demand to be heard echoed loudly in the last election, in which support Party fell from 76 per cent to 63 per cent

The momentum towards an economy with less government interference and greater free-dom for private business is now gathering pace,

TJK state education

When facts matter more than values

By Paul Barker

along to parents' evening at that aside, our state educators their local school last week. have always been concerned Rather surprising, these days, that there was a parents' evening at all. But it wasn't much of one. They could talk only to a single teacher about a single subject. All the other teachers were boycotting this as a "voluntary activity": it was no longer part of what they thought they had to do.

Over the past year of the teachers' pay row (longer, and even more bitter, in Scotland), this story could be duplicated up and down Britain and this week's messy settlement will not resolve it. Despite the jibes from left ("too elitist") and right ("falling standards"), we have had a state education system we could be fairly proud of, It's crucial that we should have. No modern economy can function without a well-taught citizenry, and only a slender minority will ever be able to afford to opt for private education. But the character of the state system is being irrevocably shifted by what is going on in schools at the moment. The relation between pupil and teacher, and between school and community, will

never be the same again. The purpose of education has been a subject that philo-sophers have loved to write about—from Plato to Rousseau, from John Locke to J.S. Mill. All of them have seen it as more than a simple question of offloading a set of facts from the teacher's desk into the pupil's brain. But these aims have seldom been adhered to by education administrators. Alretire in a few years, although he is likely to retain consider-able authority ost everywhere in the world, the facts have been what mattered: not character or personality or the preparation for citizenship. Till now, Britain has been an honourable

> Of course, the facts have their lere. We created a state education system in the late 19th century largely out of panic at what the ingenious Germans were getting up to. One residue of this, even when I was at primary school, was that you didn't have "classes." You moved up through Standard I and the rest,

A FRIEND took her daughter the three Rs at each step. But, the British system has been with other things as well. For the truth is that the state system was firmly modelled on the sity lecturers. Everything else public schools, where — till the — including that classic deputy recent dash towards qualifications - the fact-lover was derisively labeled a swot.

But all this has depended crucially on the teachers. Classrooms have remained pretty sacred to the worship of the facts, All the great educational innovators this century have tried to chip away at this: and they had their main success in primary schools. In the past couple of decades, droves of overseas visitors have come to see how our young children have gained from the examples of Montessori or A. S. Neill pioneers of humane teaching. whose methods were trans-mitted through the colleges of

At secondary schools, however, the traditional curriculum remained much as it was. The extras were wrapped round it: hurdles practice before school began, a debating society at lunchtime, rehearsing for the choir or a play at 4 o'clock. Increasingly, the aim was to involve parents also. Report after report emphasised this — most recently, David Hargreaves's re-commendations on how the Inner London Education Authority could improve its ways. This, too, went into extra time, so that parents with jobs (including more and more single parents) could get to meetings about their children's success or failures

economy more than a boom does, so financial pressure can switch institutions onto tracks — often without that being the specific intention. This is what is happening in schools now. Teachers are becoming, more and more, just people who turn up to do a certain stint in the classroom. like miners at a coalface. Partly they have been forced into this stance; partly they have grabbed the opportunity of the pay dis-pute to get rid of an obligation that weighed heavy on many of them.

Just as recession reshapes an

If you go into a French acquiring the acredited bits of lycée, you see how exceptional

There, the teachers furn up only for the periods of their own lessons. Otherwise they stay away, rather like univerhead's chore, the timetable is done by administrative staff. It is nice for the teachers. It is a good way, in the not very long run, to drive up nonteaching costs. It is perhaps all right for children with no learning problems, but even then, it means that the school has abandoned its job of moulding children in other ways than formal learning.

Schools are being as pummelled as a piece of Plasticene.
Some of the pummelling is
overt and deliberate. Through
the Manpower Services Comtrying to get a closer grip on the curriculum (again a move in a continental direction). But in a continental direction). But the effect of the teachers' dis-pute will be more far-reaching and long-lasting — because it is changing attitudes and expectations. Not only teachers', but also pupils' and parents'. That is why there has, on the whole, been so little fuss about the dispute. Everyone has been quietly scaling down what they think a school should

deliver. But before the Plasticene sets hard in a new shape, we should ask ourselves whether that is what we really want, Schools are, obviously, the main road to various skills we think important. But, along with parents, they have also been in the business of transmitting social and cultural values. These may be more nebulous than an A grade at O-level, but are no less impor-

Our society is going through drastic change. With unemployment still so high, and industry in a state of flux, no one can say what that A grade will be worth in the real world anyway. Is this the moment to weaken what schools do, other than produce bits of graded

paper?
Look at any inner city and you can hardly doubt the right The author was editor of New Society om 1968 till this year. He was the rst comprehensive school pupil to go

Violence on television

From Mr J. K. Mosley Sir,—While Christophe Dunkley's "Case for Violence (February 26) is clearly in capable of standing up to even superficial analysis and therefore must be presumed to have been written "with tongue in cheek," there appears to me some danger of its being inter-

preted as serious comment on a sensitive subject. It is, however, surely as facile to suggest that efforts to curb the misuse of television's power to influence should be seen as efforts to curb the power itself, as it is presumptuous to suggest that the freedom of the media/television is synonymous with the freedom of the indivi-

Indeed, though television cannot create violence, it is nevertheless apparent to anyone who has watched the "instant reporting" of violent incidents that the mere pre-sence of the camera does lead to the enhancement of the violence. Thus television may be accused of sensationalising an incident which it merely an incident which it merely wishes to report; equally, by allowing its presence to be (ab) used for their own pur-poses by those being reported on may also be characterised as irresponsible television.

The freedom to screen violence for which Mr Dunkley pleads is no more than the freedom to give the public what the media believes the public wants. That this plea is put forward by a media-man on the basis of his own assertion of the existence—presumably in a significant proportion of the public—of an inuate desire for

the point.
While violence is acceptable as an integral part of any film or play, violence for its own sake is to be deplored and not raised to the status of and extelled as an art form. A moral conscience which is seen to exercise self-discipline and to limit excesses of violence will always be accepted as a substitute for control. The absence of a manifest determination by television to use its influence to denigrate violence is inevitably seen as a willingbess to contribute to ever-lower tandards and inevitably opens the door to enforced control Society adapts to example and the silence of its majority should never be taken as implying approval. Keith Mosley.

17 Kibworth Close, Whitefield, Manchester.

Case for a credit card tax

From Mr D. Auerback, FCA Sir,-At this time of the year the Chancellor of the Ex- they can truly be effective with- tion. What is being imposed on 18 Fleet Street, EC4

Letters to the Editor

I suggest an innovative tax,

that would be very easy to collect, could produce substantial sums and would have the advantage of reducing personal credit. The Chancellor should transactions. These are invariably computerised, and as there is a relatively small number of operators, the tax is easily and very cheaply col-lected from the customer by a monthly debit to his statement. Daniel Auerbach.

9, Mansfield St, W1.

Main reason for privatisation From Mr G. Chichester

Sir,-I imagine it has not occurred to Dr Conagh McDonald (February 26) that the market capitalisation in-crease of privatised companies, about which she waxes indig-nant, is neither attributable to market but is a measure of the improved management performance in private ownership compared with state control.

She has deliberately over looked the main reason for privatisation, which is for enterprises to be managed more efficiently and to greater overall benefit of the economy Raising cash is useful for prudent management of public finances, but is definitely a

secondary consideration. Her convenient concern over the undervaluation of assets is hardly consistent with past Labour governments' complacency about undervaluation of assets when nationalising them as the shareholders of Vickers. among others, will attest.

Giles Chiches 9 St James's Place, SW1,

Warnings signs of lobbying

From Mr N. Ball

Sir,-Ironically, it is the professionalism of lobbying (Management Page, February 24) which has sometimes made corporations less, rather than more, effective in government

chequer is considering new out the informed involvement ways to tax us to balance a of the chief executive officer, budget where he would like to make a few concessions. levels of employees.

> Several warning signs can alert managements that specialisation in this area could be working against them: (1) the formation of internal bureaucracies to meet external ones; (2) the absence of clear strategies and measurable results— at least as precise as those required in other management areas and (3) the presence of people who, instead of tak-ing the mystery out of government relations, regularly emphasise the complexity and delicacy of it all.

Neal Ball. 425 N Michigan, Chicago, Illinois.

Sunday trading free-for-all

From the deputy general secretary, Union of Shop, Distributive and Allied Workers

Sir.-Your article on Sunday trading (February 22) refers to the anti-deregulation lobby's success in setting its case across in recent weeks and indicates that the Keep Sunday Special group is funded by a consor-tium involving unions, churches and some retail associations.

It is interesting that David Churchill, in his article, inadvertently does not tell us who is funding the campaign spearheaded by the 7-day, 24 hours a day group, pushing for deregulation at any price.

The article asserts that the anti-Sunday trading campaign is "very vociferous and wellorganised but it only represents a minority of opinion." Is this minority opinion reflected in the ministerial reply given to Parliament last month that the Government had received 310 letters supporting its deregula-tion policy and 37,317 against? It appears that the unrestricted shopping enthusiasts are ignoring fact in order to sustain their wilting campaign.

It is also significant that the free-for-all supporters who fall to mention that shopworkers in Scotland as well as in England and Wales are now showing increasing awareness of what the Government's proposals involve. They realise that it is not the widening of opportunity panies to develop in-house to work on a Sunday and thus staffs and to utilise outside con-enhance their already low earnsultants, I do not believe that ings which is behind deregula-

them through the Wages Bill and the Shops Bill is a "Las Vegas" shopping free-for-all, accompanied by the loss of hard-won rights such as the statutory entitlement to four weeks annual holiday and the loss of statutory protection guaranteeing nine or 10 days' customary holidays, all on the pretext of consumer freedom of choice and pricing people into

I would not accuse Mr Churchill of being partisan but I question why he did not seek a tion from Usdaw since we have constantly and consistently compaigned in favour of a modern Shops Act.

If it is true that there is unlikely to be a dramatic move towards taking up the option of 7-day, 24 hours a day trading by most retailers, why is the Government becoming so agitated? Is it because it suspects it may well be defeated on the floor of the House of

John Flood, Fallowfield, Manchester.

Wholesalers back merger plan

From the Director, Federation

of Wholesale Distributors Sir,-I have been following the rival bids for Distillers with great interest and, like a number of organisations and individuals with whom I have been in touch, my federation was most surprised when the first Guinness bid was referred to the Monopolies and Mergers

The Federation of Wholesale Distributors represents food and drink wholesalers in the UK and if anyone has caused to be con cerned with the merger of Guinness and Distillers it would be ourselves. On the contrary, from the outset we could see 110 Frounds for competition con believe the merger will be healthier for competition. We sincerely hope the latest proposal will satisfy the Office of

Fair Trading.
Surely, with 90 per cent of Distillers' production destined for overseas markets, the debate should focus on the export potential of the Scotch whisky industry and not on statistics and percentages about the UK market. The combined management, marketing skills and distribution resources of Guinness and Distillers provide an attractive opportunity to boost exports and it must be, above all, for these reasons that the Government will give clear-ance for Guinness to proceed. This would undoubtedly be in the national interest. Len Jackson.

Alexanders Laing & Cruickshank Holdings Ltd

purpose built for the mid 80's and beyond . . .

Mercantile House Group

FINANCIALTIMES

Wednesday March 5 1986

TROLLOPE & COLLS

Construction Refurbishing Management 01-377 2500

VW TAKEOVER PROMISES A SECURE FUTURE FOR SEAT

Spain writes off its car maker

BY DAVID WHITE IN MADRID

Spanish car company, is in sight. The way is clear for a takeover deal to be signed with Volkswagen and ratified by the Spanish Government

As a third arm of the VW-Audi group, Seat is scheduled for a total revamping, with planned investments during the next 10 years of at least \$3bn. This is a scale of commitment that Seat's present owner, the Spanish state holding company Instituto Nacional de Industria (INI), weighed down by losses in other sectors, could not even con-

The recent decision by VW's board, led by chief executive, Mr Carl Hahn, gave the West German group the go-ahead to negotiate the purchase, first of a 51 per cent stake for about \$290m, and later the rest of the capital. The decision was greeted by Madrid officials with im-

The Socialist Government had been hoping to get rid of both Seat, the country's largest carmaker, and Enasa, its biggest truck producer, before EEC entry in January this year. General Motors' truck division, after discussing an industrial plan with Enasa, decided last autumn against going ahead with takeover talks and switched its attention to the UK. For a time, there were fears that VW might get cold

Both Spanish companies were abandoned by previous partners, that because of their own problems, stalled at the idea of majority control - Fiat in Seat's case, International Harvester in Enasa's. In the interim Seat, with VW's assistance. years

Japanese

THE RESURRECTION of Seat, the came out with its first own-design cars. Enasa made a big effort to develop its own technology, and both strengthened their presence outside

> Enasa has been studying an alternative deal with Toyota. But what the Japanese group has proposed would be a looser link-up than the aborted GM plan, and what INI really wants is to get out.

The political decision has been INI manager involved in the VW

The state group is putting Pta 16bn (S113m) into the equity increase at Seat through which VW is to establish its 51 per cent control. But it intends to put in no more cap-

Seat's accumulated losses to date cludes a new engine plant. (but not any future losses), rein-

cember to a financing package of Pta 185bn, taking over responsibility from INI for Seat's outstanding

A curious aspect of the VW take-

Details of the takeover have still cars, alongside Volkswagen's and to be worked out, including government compensation for Seat's 1985 models. loss, estimated at Pta 35bn-Pta 36bn, in line with the two previous

Mr Carlos Solchaga, the Econo-my and Finance Minister, told parl-with VW. At the time they were not iament recently the price was reasonable as there was no other way of guaranteeing Seat's survival. The Government, he said, had considered the alternative of closing Seat down, but it would have been just as expensive and would have cost more than 20,000 jobs.

Seat jobs - which have already been cut from 32,000 in 1980 to 23,500 - are to be trimmed under made to abandon the motor sector," the VW plan to 21,000 at the end of says Mr Javier Alvarez Vara, a top this year and to below 20,000 in 1990 - less if the group opts to build a

VW plans either to rebuild Seat's plant at Barcelona, which is to become its headquarters instead of Madrid, or build a new one at nearital after that.

The VW takeover will have cost the Spanish Government more than that would bring the investment programme up to an estimat-Pta 300bn. This includes covering ed \$3.5bn. The programme also in-

Seat was set up in 1953 with contorcing the car company's financial structure in preparation for the purchase, and filling the gaps created by Seat's previous accounting methods, found not to conform to interpolate the structure of the seat was set up in 1930 and to the structure in preparation for the purchase, and filling the gaps created by Seat's previous accounting methods, found not to conform to interpolate the seat was set up in 1930 and to the structure of the seat was set up in 1930 and to the seat was set up in 1930 and t now state-owned, has continued to The Government agreed last Demake versions of Fiat models.

ebts in order to leave VW with a over is in having a VW subsidiary making what are essentially Flat

> After Fiat's withdrawal, the Spanish talked with Japanese companies before negotiating a 1982 in

seeking money so much as a new model range and a network of export outlets. But in 1984, under the Socialist Government, INI began to raise the idea of direct VW participation.

By now Seat is already making VW Polo, Passat and Santana cars, and the aim is for VW models to continue to account for about third of production - including

new mass-market small car.
Negotiations have brought a compromise between VW and the Spanish authorities on production levels and jobs, with a target of 400,000 cars a year in 1990, compared with 347,000 (including light vans) last

With a big sales drive in Europe unit exports rose 39 per cent last year and accounted for 60 per cent of production - Seat has regained its old position as the leading Span-

VW's entry means Spain will be host to five multinationals in the saioon car business - after Renault Peugeot (with both Citroen and Peugeot-Talbot subsidiaries), Ford and General Motors - and reinforces Spain's place in the EEC as a producer of small cars.

In contrast to reactions in the UK wer prospects for the sale of parts of BL, the VW takeover plan has generally gone down well in Spain. The only real opposition comes from the Communist Workers' Commissions Union, which says it is good only for jobs in West Germany. Daihatsu sets sights on Europe,



Mexico reduces financial needs to \$6bn

By David Gardner

MR Jesus Silva Herzog, the Mexican Finance Minister, has scaled down the country's new financial ements for this year to about \$6bn from estimates which have been as high as \$10bn.

This goes a long way towards meeting arguments by the US Trea-sury last week that Mexico is asking for more than it needs in its current difficulties caused by the oil

Mr Silva Herzog is still pressing international creditors for interest elief on Mexico's \$97bn foreign debt. This is a principle Mexico has been seeking to establish since President Miguel de la Madrid announced on February 21 that the country was no longer in a position to service its debt fully because of a harp drop in oil income.

The new financial requiremen were revealed in an oblique written statement from the Finance Minister on Monday night. Mr Silva Her zog said the "margins of flexibility" in the original budget for 1986, plus measures that would be taken beeause of the oil market collapse, would allow for a substantial reduction in the country's net new money

The statement made clear that this reduction was all the more reason for Mexico's creditors to make concessions on the country's interest bill, so that "they share in the effort being made by Mexican society to assimilate such a drastic fall in

oil export revenues." The scaled-down requirements clearly anticipate substantial public spending cuts, in exchange for which Mexico is understood to be seeking a reduction in payments equivalent to an interest rate cut of at least 2 per cent.

Mexico's total debt service bill this year was originally calculated at \$11.2bn, of which \$10bn is

The Finance Minister's statement comes in advance of a fresh round of talks in Washington this week to be held by Mr Silva Herzog with US financial authorities, the World Bank, the International Monetary Fund and "immediately afterwards with ' Mexico's international creditors.

The statement characterised last week's talks in Washington as "barely the opening contact" in complex and arduous negotiations designed to confront the debt problem head on." However, it said both sides had already ruled out the pos-sibility of the US authorities provid-

ing bridging finance.
In presenting its new figures, the Finance Ministry said:

• This year's imports, projected at \$14.2bn, would now probably be "less than \$13bn."

 Non-oil exports should increase by \$500m, as a result of higher coffee prices, a "slight recovery" in manufactures, lower than anticipated domestic demand, and a more competitive exchange rate.

The interest bill would be \$800n

less, since the Ministry says it had originally calculated an average rate of 10.4 per cent, or about 1 per cent more than now anticipated. Mexico would no longer seek to build up its reserves - thought to be about \$3hn - by \$1.2bn through further indebtedness.

Third World debtors' meeting. Page 4

Foreign Minister, subsequently made clear that the date of August i set by the President was not a deadline but a target. But by setting a date, South Africa has passed the ball into the court of the Angolan

which accounts for about 90 per

THE LEX COLUMN

The Chancellor provideth

For a British bank to produce an ncrease in after-tax profits of 54 per cent just before a budget is not generally sage. It borders on the provocative when the Chancellor of the Exchequer is known to be hankering for revenue out of the City and the bank's growth before tax was but 20 per cent before some considerable tinkering with the bad-debt charge. At the pre-tax level, National

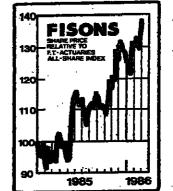
Westminster reported profits of £804m, which were inflated a little by a change in depreciation policy on properties and some heavy dealing profits from gilt-edged. How-ever, no Chancellor would cry out for windfall taxes when net interest income grew by a mere 8 per cent and margins on mortgage business - to which NatWest is committing another Elbn this year - and fixed-rate lending were under great pressure for a good part of the time.

After tax, it is a different story. In anticipating tax relief on its provisions against sovereign debt, by making a transfer of some £100m from its general to tax-deductible specific reserve, NatWest may have had a nudge from the Inland Revenue; and it is no more than common sense to recognise that country loans can lose every last cent of their value just as easily as those to companies. But what is sauce for the Revenue is not necessarily sauce for the Chancellor, who appears to have lost out on some £80m in tax revenue and may not have considered this quite his role in the

Perhaps the problem of sovereign debt is so epoch-making that it really should be borne by society; but then again, the penalties of bad lending policies are usually carried by shareholders, not by the public chipping in. NatWest has, admittedly, been more than generous in its general provisions and was most careful not to identify the sovereign bad debts involved. Otherwise, presumably, the debtor involved could put the arm on every one of its creditors.

Property unitisation

Residential landlords with oversize properties weighing on their books have long since fallen back on subdivision; a few pieces of chipboard, a bit of plaster and a new set of doorbells can convert the most to give Fisons the benefit of any year, to compensate for failure in ungainly Victorian pile into a stack



of marketable units. The financial equivalent, unitisation of commercial property, is an idea that has been kicking around for quite a while. Like unitisation of investment trusts, unitisation of unwieldy buildings is seen as a way of persuading the market to close up the

The outline proposals for the creation of a unitised property market will thus command a good deal of interest among institutions who are long on lumpy developments. If the market were to become reasonably liquid, moreover, it would do more than solve an inventory problem; valuations across the board would be continuously subject to the test of a public market price. To get that liquidity, however, the pro-posed market may have to do more than give institutions yet another way to participate in each other's

The Fisons success story runs and runs. The share price has been edging higher for most of the past week in anticipation of splendid preliminary results and yesterday, when the group produced a 50 per cent increase in pre-tax profits to £72.3m, it added a further 8p to stocks in the most highly rated sec- can stand it. tor of the equity market. Even on the fairly conservative assumption case show through increasingly this

On the record of the past year - trading will at any rate show let alone the past six - it is tempting growth at the net interest line this doubt. The group has shown a the US acquisition stakes.

strong improvement in each of its three divisions, despite a depressingly low incidence of hay fever in Northern Europe, and has proved a wizard at cash, currency and tax management to boot. But the stock market is still asking a great deal from a company which will need to pedal harder than ever to maintain the momentum and compensate, at the pre-tax line, for a tax charge which must soon rise from 21 per cent to near the standard 35 pe cent rate.

For 1987 and beyond, hopes are pinned on the development on Ti-lade, a drug which Fisons says will tackle reversible obstructive airway diseases, better known as asthma Tilade has an eventual profit potential of at least £30m a year, but the market appears scarcely to be discounting the possibility of regulatory hold-ups or marketing disap-pointments. All those airway diseases are already in the price.

Unilever

The fourth quarter at Unilever is such a miscellaneous item that it would be a mistake to dwell on the precise results. But there is equally no quarrelling with a 12 per cent production underlying improvement in annual pre-tax profits. In last year's currency Unilever would have been pushing hard on £1.1bn; as it burned out, the City of London was happy enough with a stated 3 per cent in-crease to £954m, and New York is ooking at dollar earnings growth of

In the US, Lever Brothers is spending hand over fist to establish Surf as a leading national deter-gent, despite real progress from the margarine business - now the market leader by some distance - deterprofits by nearly a third. Similarly determined action is needed to turn round personal products, where US brands of some size need to be added to a thin-looking portfolio; a stand at a record 528p. That places single large acquisition still looks Fisons among the most highly rated the best option if Unilever's nerve

Reshaping elsewhere will in any E that profits this year will total year. Unilever has already regent. £85m, the prospective multiple is ated the cash it spent on Brooke Bond, and whatever happens to

th bank

o luancia!

d unit

firms face **London SE** delays By Barry Riley in London AS NOMURA, the biggest Japanese securities house, yesterday celebrated admission to membership of the London Stock Exchange, it emerged that three other applications by Japanese firms are snarled | up in the procedural pipeline.

Daiwa, Yamaichi and Nikko have all filed applications for membership - allowing them to transact business on the floor of the stock exchange - but an exchange spokesman thought it unlikely that negotiations would be completed for several months.

"A lot of technicalities have to be gone through," he said. He also acknowledged, however, that "relations between the Japanese Government and the British Government. will have a bearing on our

Complex negotiations are continuing between the two govern-ments on the question of banking status for the Japanese securities houses in London, and the separate issue of access by foreigners to membership of the Tokyo Stock Exchange. Only one wholly Britishowned securities firm, part of the S. G. Warburg group, has been granted Tokyo membership so far.`

It is understood that Nomura has been talking to the London exchange for some time, and its application was processed well ahead of those of its rival Japanese firms.

Nomura International will open up this morning as a broking member firm of the London exchange. Mr Hitoshi Tonomura, president and managing director, said it was especially gratifying to have been elected in the 21st anniversary year of the firm's opening an office in

Merrill Lynch, the US investment bank, was also approved for mem-bership of the exchange yesterday. It has set up two new firms, Merrill Lynch and Merrill Lynch Equities, and has also taken 100 per cent control of Merrill Lynch Giles & Cresswell. These firms will trade separately until October

UK ministers may press for crackdown on Ulster loyalists

BY MARGARET VAN HATTEM IN BELFAST

and Unionist politicians in the face

of blatant loyalist intimidation.

Amid reports in Whitehall of prime ministerial wrath over the violence of the one-day strike, called in protest against the recent Anglo-Irish agreement, Mr Tom King, the out any possibility of the agreement, which gives Dublin a say in the affairs of the privince, being

Ministers are re-assessing the handling of the strike and pressure is building for a crackdown on loyalist rebels, with a heavy army presence in future demonstrations. The general consensus is that no one has emerged unscathed from Monday's protest. Mr James Molyneaux and the Rev Ian Paisley. leaders of the two main Unionist parties, seeking to preserve Ulster's ties with Britain, are among the se-

verely damaged. After their volte face after last week's meeting with Mrs Margaret

THE UK Government yesterday reacted with fury to Monday's day of action in Ulster and the mounting evidence of passivity by police their subsequent passive role in the the strains in the Unionist coalition to their subsequent passive role in the strains in the Unionist coalition to their subsequent passive role in the strains in the Unionist coalition strike while paramilitaries took became ever more apparent. Mr Molyneaux and Mr Paisley able to speak for their supporters, cancelled a joint press conference to lead, control or to accept respon-

The Royal Ulster Constabulary who opted for light policing and avoidance of confrontation where Northern Ireland Secretary, ruled keep roads open and protect those

> A third of the 670 road-blocks erected in the province remained in place; and on many of these, the passive police presence has led to charges of sectarian collusion.

> The Government has been exposed to charges of failure to act de-cisively. Parallels are being drawn with 1974, when the failure of Mr Harold Wilson's Labour Government to take a tough stand allowed the Ulster workers strike to gather a momentum that surprised even the strike leaders.

As Unionist leaders yesterday publicly dissociated themselves from the violence and privately blamed each other for the decision Thatcher, the Prime Minister, and to become involved in the strike.

and were unable until late in the afternoon to agree a terse joint state-

The Unionists are now desperateavoidance of confrontation where possible, are being widely blamed for failing to honour their pledge to ity in Ulster to the Angio-Irish agreement, and of the volatility and agreement, and of the people while it re-

mains in place. Individual Unionist politicians are looking to their rapidly shrink-ing band of supporters in London to press their case for suspending the agreement. This, they say, would give them breathing space to negotiate on matters such as powersharing and devolution.

Their case is not however, being taken at face value. Much of the sporadic violence during daylight on Monday - including burning of cars, rioting, stoning of police and smashing of shop windows - was perpetrated by gangs of youths with little political motivation.

Background, Page 6

UK plans levy on audio tapes

troduce a levy on blank audio tapes but almost certainly not on video tapes after its third change of mind in just over a year.

The levy is expected to be fixed at a maximum of 10 per cent of the re-tail price of a blank audio tape, of which more than 50m are sold annually in Britain. This works out at about 10p per tape and could raise

about £5m a year.
Mrs Margaret Thatcher, the Prime Minister, has been persuaded that the record industry and performers should be compensated for the loss of income arising from the large-scale home taping of

an intervention from Mr Norman Tebbit, the Conservative Party chairman and a former Trade and Industry Secretary. He argued that tion of such a levy in 1981, the Gov-

THE BRITISH government will in-troduce a levy on blank audio tapes without a levy amounted to "theft." Ministers have decided, however, against imposing a levy on video tapes. They have accepted the argument that most video recording rep-

resents "time shifting" of television programmes which are recorded for later watching by a viewer. Such recordings are generally erased after one viewing, in contrast with the taping of music, which is for multiple use. The proposal for a levy on audio tapes will be included in a White

Paper (policy document) due to be published after Easter, on copyright law reform. Powers may be taken to impose a levy on video tapes but ministers will indicate that this will

The decision follows a seesaw debate on the issue. After the rejec-

ernment provisionally agreed to its introduction in February last year. However, when Mr Leon Brittan became Trade and Industry Secretary last September, he ordered a rethink of the proposal. Mr Geoffrey Pattie, the Minister for Information Technology,

throughout this period has favoured the introduction of such a levy despite the changing views of his three secretaries of state. He has publicly indicated that such a levy is desirable as part of the general review of copyright law, and in the latest disions he received support from Mr Tebbit The copyright law White Paper

was originally due to be published last autumn but its eventual publication later this spring will precede the introduction of major legisla-tion in the 1986-87 parliamentary

Continued from Page 1 ments, he said, "and those decisions are taking it closer and closer to

He said all Austin Rover's future cles to use Japanese components and Japanese suppliers."

Mr Mark Snowdon, Austin Rovers managing director, product development, said that as far as his company was concerned the Ford talks had ended for good. He insisted that Austin Rover would main-cent of Angola's hard-currency tain its independence from Honda earnings, has increased the presand, denied that its future cars sure on Angola to seek a negotiated would be based on Honda designs. | settlement.

Botha pledge on emergency Continued from Page 1 Mr Pik Botha, the South African

Government. The decline in the price of oil



World Weather

London curbs defence tactics

Continued from Page 1

On Friday, in a move clearly aimed at Morgan, the Bank of En-gland said that share purchases which took an individual bank's exposure to a particular company above 25 per cent would not normal ly be regarded as prudent. Where a bank was already committed to a large exposure it would discuss arrangements to bring its position into line with the new requirements as soon as possible.

On Monday, Morgan responded by arranging for a consortium of

banks to acquire shares in Distill-

ers to the value of £111m, with Morgan acting simply as agent to the

BL arm faces four offers

designs would rely heavily on Honda - "and Honda is designing vehi

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday March 5 1986



Shamrock plans to sell two major subsidiaries

DIAMOND SHAMROCK, the Dallas-based energy group which has been hit by the slump in world oil prices, yesterday announced a major shakeup of its top management team and said that if had put its coal and chemical operations, two of its biggest and most profitable businesses, up for sale.

The company, which lost \$604.7m in 1985, said yesterday that its board of directors had authorised management to pursue a series of strategic changes which would streamline the corporation and focus resources on the oil and gas team and said that it had put its and gas business, we are fully confi-

cus resources on the oil and gas

manageme strategic streamline cus resource business.

The grow cutting its ternational tion compared and the new president pre The group also announced it was enting its workforce by 600. Its in-ternational and domestic explora-tion companies are to be consolidat-In 1985, the group's coal operaed and the group is looking for a teris, all the p new president for the combined

Diamond Shamrock's announce-

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DIAMOND SHAMROCK, the Dai- slump in oil prices over the past 31/2 1985 the group achieved sales of

Mr William Bricker, the groups chief executive, said: "In spite of the recent worldwide turmoil in the oil dent in the long-term viability of

bounds within the next few years the strategy announced today would allow us to redeploy corporate assets into our prime bosiness, oil and gas exploration, on a timely basis. If the turnround period is longer, it is still the right strategy ecause we would have the added financial capacity to withstand an

In 1985, the group's coal operations had sales of \$236m, operating profits of \$26.3m and employed 1,700 people. The chemicals opera-tions had sales of \$736m, operating ment is the latest and most visible profits of \$121.1m and employs sign of the upheavals within the US 4.200. Diamond Shamrock's worldoil and gas industry caused by the wide workforce totals 11,500 and in

\$4.1bn

The Diamond Alaska coal company, which is a separate subsidiary and has more than 1bn tons of coal on order for electric power generation in Japan, Taiwan and Korea, is not included in the potential sale. Mr C. Barton Groves and Mr C.

Dale McDoulet, presidents of the group's exploration companies, have stepped down but will remain corporate vice-presidents during the consolidation period. Diamond says that it expects to maintain significant international and domestic exploration programmes but that the combination of the two subsidiaries "makes sense in this enviropment."

The company, which cut its dividend last year, said it expected no change in its current dividend or the cash distribution from its mas ter limited partnership, Diamond Shamrock Offshore Partners. The group's shares, which have been weak in recent months, rose by \$%

Royal Bank of Canada shows continued growth in profits

BY ROBERT GIBBENS IN MONTREAL

ROYAL Bank of Canada, the country's largest chartered bank, produced higher profits in the first quarter of fiscal 1986 and says it from C\$90.4bn a year earlier, recan withstand the impact of lower flecting strong consumer loan busioil prices on its large energy loan a - maille portfolio:

Net income was C\$140m Return on average assets was (US\$98.8m) or C\$1.22 a share, 0.58 per cent against 0.56 per cent a against C\$126.1m or C\$1.13 a year earlier on an average 100m shares outstanding, against 95m shares.

The latest profit figure was 6 per cent higher than for the fourth quarter of fiscal 1985.

The result continues a high earnings trend which began in the third quarter of fiscal 1985. Net interest

forming loans were lower and fee income strong.

Total assets reached C\$96.7bn, up ness and higher values for US dollar-denominated assets.

year earlier. Domestic returns were higher but international returns Non-accrual loans, net of provi-

sion for loan losses, were C\$2bn at January 31, down C5700m, with improvement coming in both domestic and international sectors.

Loan loss experience for all fiscal 1986 is estimated at C\$800m, up margins were maintained non-per- sharply because of higher provi-

sions on some foreign risks and to cover possible impact of lower of

 In Vancouver the Bank of British Columbia denied reports it may merge with another bank. It said no talks were under way. "The bank is periectly viable and profitable but arrangements have been made with the Bank of Canada for liquidity advances," said Mr Edgar Kaiser Jr, chairman, "and the bank has received full support from the governments of the western provinces.

Mr Kaiser said the bank was well capitalised and its loan portfolio had stood up to a recent audit. Our customer base remains loyal, the Bank of Canada is behind us 100

Gulf & Western up 41% in quarter

BY OUR FINANCIAL STAFF

cial services and publishing more than offset a decline in profits on the entertainments side.

The company's commercial and consumer finance company, Assotiates Corporation of North Americates Corporation of North Americans from profits more than offset gains from the company's commercial and the constant gains and profits of the company's commercial and the company's commercial and the constant gains and the company's commercial and come, as strong gains from finan- to October 31.

However, the earlier period excludes income of \$21.5m from the

former consumer and industrial products group, sold to Wickes in September for \$1bn. Sales in the latest quarter were

French bank

futures unit

By David Marsh in Paris

nancial futures market.

plans financial

GULF & WESTERN, the US conglomerate, yesterday reported a 41 earlier. The latest figures reflect a by increased subscriptions, while

Net earnings rose from \$24.5m, or 55 cents a share, to \$34.2m, or 55 helped by an increase in receiv- television and videocassettes and terest rates.

Operating income on the pub- shut.

per cent increase in first-quarter in-change in the year-end from July 31 professional information services come, as strong gains from finan-to October 31.

ables outstanding and declining in- the absence of losses a year earlier from video game operations, now

lishing side was well ahead as operating margins widened. This followed consolidations of acquired property in the company's film studios, had a disappointing showing for its two Christmas releases, Chue and Young Sherlock Holmes.

Bremer Vulkan plans to raise DM 145m

BY RUPERT CORNWELL IN BONN

SOCIÉTÉ Générale, the third largest French nationalised bank, plans to set up a specialised subsidiary with other financial institutions to funds by means of a three-for-four per cent; Thyssen-Bornemisza, with rights issue of new DM 50 nominal 22 per cent; and Hapag-Lloyd, the shares at DM 110 each. This will lift shipping and travel company, with its capital to DM 154m from the 11 per cent. handle transactions on the Paris fi-The new venture, to be called

Banque de Gestion des Instruments Pinanciers, is to have a capital of FFr 15m (\$2.2m) with the Société of Vulkan shareholders that the concern, which has been drastically reshaped in recent years, broke even in 1985 after achieving small the group would break even this year and that the new capital injection would make the group more Generale group likely to hold a stake of at least 70 per cent. The institution is the latest in a

string of specialised financial subsidiaries set up by French banks to carry out operations on expanding The other two Major Vulkan Mr Henke said the volume of orgroup members, Schichau-Unter ders in hand would ensure no short-weser AG and Lloyd-Werft Bremer-time working in 1986, although he markets. It represents the first time, however, that a major bank has set up a separate organisation for imancial futures trading, which started in Paris nearly a fortnight Henke added.

new shares compares with a recent stake in Vulkan

BREMER VULKAN, the leading bourse price of about DM 150. Vul-West German shipyard, plans to raise DM 145m (\$65m) of fresh Bremen state government, with 29

Technically, the new shares will Mr Norbert Henke, chief executive, told an extraordinary meeting of Vullan charles and the said no navment for last uses uses likely of Vulkan shareholders that the payment for last year was likely.

The forecast that all three yards in

competitive.

haven, respectively broke even and gave no figures. He denied knowl-registered a profit last year, Mr edge of recent rumours that Henke added. Messerschmitt-Bölkow-Blohm, the The DM 110 offer price for the aerospace group, would take a

New bid emerges for Alamito

BY TERRY DODSWORTH IN NEW YORK

an electrical power wholesaler ny's own management group was ture of stock, including a 20-year 12 based in Tucson, Arizona. It be- running into financing difficulties. per cent debenture with a principal came a serious takeover prospect. Funds for the \$125-a-share offer when a team of its own managers "might not be available after all," launched a \$288m bid.

ago and has proved much more ac-

to form a company called Mega- row until March 18. watt, values Alamito at about

the company said, and it has post-The new \$128 a share offer, from poned its special shareholders' a group of investors which intends meeting on the buyout from tomor-

The alternative outside bid from \$294m. It follows a previous outside Homans McGraw has also run into bid for about the same amount from problems, since the Alamito board a Boston-based investment concern, has rejected it as "deficient" on the Homans McGraw Tully Valeo. grounds that it would put the company into default under its \$387m latest offer stands a reasonable Eurodollar credit agreement.

The Boston company was offer-into the ring in pursuit of Alamito, terday that the bid from the compa-ing to acquire Alamito with a mixvalue of \$152, and one new preferred share valued at \$10. The Megawatt offer is also sub-

ject to a "definitive financing commitment." But the company has told Alamito that it has obtained a financing proposal from General Electric Credit Corporation, the financing arm of the General Electric group, to provide \$260m of financing for the merger. It added that Megawatt would have \$20m of equi-



Bank of **America** says no to Weill

By William Hall in New York

BANKAMERICA, the troubled US west coast banking group, has rejected a second attempt by Mr Sandy Weill, the former president of American Express, to become chief executive and has unveiled a major management

After a five-hour board meeting in Los Angeles on Monday, the board said it was "not desirous of making a management

In a highly unusual move which had captivated Wall Street, Mr Weill had offered to raise \$1hn in new capital through Shearson Lehman if he was made chief executive.

The group also appounced that Mr Sam Armacost, the group's chief executive, had been ap-pointed to the additional post of chairman of Bank of America, the group's main operating sub-sidiary, replacing Mr Leland Prussia. Mr Thomas W. Cooper, an executive vice-president, has been named as president and chief operating officer of the bank. Mr Prussia, the group chairman, has been named chairman of the executive committee of the bank and will concentrate on "critically important areas of money and loan policy."

BankAmerica shares, which had risen from about \$12 to \$17% on the rumours of Mr Weill's approach, fell for the second day running yesterday and by mid-day were being quoted at \$15%, Mr Franklin Murphy, one of

the group's outside directors and chairman of the executive and nominating committees, said in a letter to Mr Weill that "the outside directors unanimously agreed that we have no interest in considering you as a candidate for the chief executive officer's

Mr Armacost said the group's investment bankers had offered to raise the \$1bn of extra capital if needed but said that they had "expressed serious questions as to whether such a financing pro-gramme would be in the best interests of stockholders under the circumstances."

Mr Armacost said that on the subject of Mr. Weill's "other un-disclosed plans" for the corpora-tion, he had requested that Mr Weill send "a statement of your entire plan to me by air express without delay so that I may receive it no later than Thursday, March 6."

Mr Armacost assured Mr Weill that the plan would "receive full consideration." There was no immediate response from Mr Weili or his advisers.

However, one of Mr Weill's former colleagues at American Express said that while this might be the end of the affair as far as Sandy Weill was con-cerned, he doubted whether it was the end of the affair for in for considerable criticism for its poor earnings performance in

Benetton seeks Milan listing

THE BENETTON group, Italy's biggest fashion clothes and knit-wear company, has requested a listing on the Milan stock exchange, a company spokesman said.

said. The spokesman said at the group's headquarters near Venice, that Benetton formally applied to the stock exchange au-thorities for a quotation yesterday, Reuter reports.
"Our plan is to have the company ready for flotation on the

bourse before the summer," the group spokesman said. He added that Benetton Spa, the group's parent company, achieved net profits in 1985 of L70bn (\$46m), more than double the previous year's profits of 134bn. Parent company turnover rose L850bn from L632bn.

US SETBACK HIGHLIGHTS RELIANCE ON EUROPEAN OPERATIONS

ITT enters office systems market

ITT, the US-based multinational, yesterday announced a belated as-

pean telecommunications business.

The unveiling of an integrated range of hardware and software quarters in Brussels. products, called Office 2000, comes less than three weeks after the ITT decision to abandon its efforts to break into the US telephone exchange market with its advanced digital System 12 exchange. The two moves confirm ITT's re-

market as the main base for its tele-communications and related three years by all FIT's different systems, including optical fibre, co-axial links, and regular twisted wire pairs. newed reliance on the European

The new range - and a marketing sault on the rapidly-growing European business systems market to ITT's own name on all its European complement its substantial Euro- products - was presented yesterday by Mr Daniel Weadock, president of ITT Europe, at the company's head-

> He forecast that business systems would account for ITT sales in Europe of almost \$1bn in 1986, out of total European business of some \$4.5bn. The aim was to double the business systems turnover in the next five years.

The Office 2000 range of products

European subsidiaries and affiliates, resulting in a common system for all it includes equipment for office handling of voice, data, text and image transmission.

The range includes products ranging from improved digital switchboards to a digital voice-anddata telephone, described as an "industry first," developed by the Bell Telephone company in Belgium.

There is a strong emphasis on the ability of the system to interconnect with existing equipment and to in-tegrate differing communications systems, including optical fibre, co-

The system includes building distribution cabinets" to interconnect differing wiring and cabling systems within one office and laces particular emphasis on flexibility.

Mr Weadock said the move would reinforce ITT's commitment to Europe, which would benefit from the decision to close down the System 12 US project. "Our commitment to System 12 in

European countries and those outside of Europe to which we export is firm," he said.

Production of equipment for the Office 2000 range will be spread around the European affiliates,

Ambrosiano profits at L23bn

successor bank to the late Roberto Calvi's Banco Ambrosiano, yesterday reported a L23.4bn (\$15.6m) net of last year. profit for last year. The results are neither consoli-

dated nor comparable with any previous figures, in part because of the merger last October of Nuovo Banco Ambrosiano (NBA) and its La creased l Centrale financial subsidiary. NBA L3.460bn. made a L1.1bn profit for the six Mr Baz months to December 1984, the last that last year's results "are not

came from the main bank in the 10- from the La Centrale merger, this is month period to the end of October. also because NBA has changed its This included about Libn of La year-end to December, while La Centrale profits for the period be-

NUOVO Banco Ambrosiano, the tween June and October. The other NBA is now quoted on the bourse,

Provisions for bad and doubtful debts totalled L23bn in 1985, against L14bn in 1984. Total deposits at NBA rose by 19.86 per cent to IA.735bm last year, while loans in-creased by 17.54 per cent to Mr Bazoli admitted yesterday

us." The NBA chairman Mr Giovanni Bazoli, NBA chair- also called them "aggregate" sums man, said that L14bn of the profits rather than consolidated. Aside

L9.4hn came from the new combined entity in the last two months of last year.

having taken the listing previously held by a La Centrale. The bank has 105 branches, 3,680 employees and ranks as the 31st bank in Italy. The group also owns 47 per cent of the lucrative Banco Cattolica del Veneto, which has L4.935bn of deposits, more than NBA. Mr Bazoli said yesterday he was unable to release Cattolica's 1985 profit figure.

> A pool of 10 banks, two of them state-controlled, owns 53.85 per cent of Nuovo Ambrosiano and has 59.55 per cent of voting rights. The two state banks are Banca Nazionale del Lavoro (9.03 per cent), Italy's largest bank, and Istituto San Paolo di Torino (8.92 per cent).

Pharmacia lifts earnings 16% BY DAVID BROWN IN STOCKHOLM

pharmaceuticals and biotechnology group, increased its profits last year by 16 per cent to SKr 741m (\$103m) after financial income but before appropriation and taxes, compared with SKr 637m in 1984. But it expects much slower growth this year. was generated by higher volume with SKr 637m in 1984. But it ex-Turnover last year climbed by 19

SKr 156.7m. Operating earnings, af- grow by more than 10 per cent this

grew 20 per cent to SKr 684m. The board has recommended a dividend of SKr 1.25 per share, up

from SKr 1 the previous year. Much of the increase in turnover creases accounting for only 2 per per cent to SKr 3.39bn and licence cent of the rise. Tough price compeand other income by 70 per cent to tition means sales are unlikely to

PHARMACIA. the Swedish ter 28 per cent higher depreciation, year, the company says, and earnings after financial costs are expect-

> The biotechnology division re-ported sales climbed 27 per cent during the year to SKr 826m, while the pharmaceuticals and diagnostic products division saw turnover climb 16 per cent to SKr 2.34bn.

Pharmacia is 40 per cent owned

Higher prices pay off for Ford Europe

By Kenneth Gooding in London

FORD OF EUROPE's decision to sacrifice some car-market share by raising prices and unit profit margins paid off last year and its net profit jumped from \$147m in 1984 to \$326m. It was also well ahead of the \$281m figure for 1983.

The profit surge came at a time when Ford's share of the West European car market fell from 12.8 per cent to 11.9 per cent and unit sales declined marginally from 1.3m to

Mr Bob Lutz, who returned as chairman of Ford of Europe 18 months ago, said the profit increase also stemmed from a number of other factors. These included a successful attack on costs, a well-received launch of several products including the Scorpio-Granada executive car and the new Transit van range - and a "richer mix" with more higher priced cars in the total.

He hinted that before long Ford of Europe might return to making profits to match the \$1bn reached in 1980. "With the progress we are making and the medium-term growth we are expecting in many European economies, I am fairly confident of reaching traditional Ford of Europe profit levels in a few

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Deutsche Bank Capital Markets Limited Morgan Guaranty Ltd Nomura International Limited

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited S.G. Warburg & Co. Ltd.

Application has been made to the Council of The Stock Exchange for the above Notes, at an issue price (in the case of the initial tranche) of 100% per cent, to be admitted to the Official List. The Notes will be issued in bearer form in the denomination of U.S. \$10,000 each and interest thereon is payable annually in arrear on March 17, commencing on March 17, 1987.

Listing Particulars of the Notes, the Issuer and the Guarantor are available in Extel Statistical Services, and copies may be obtained during normal business hours up to and including March 7, 1986 from the Company Announcements Office of The Stock Exchange, Throgmorton Street, London EC2 and up to and including March 19, 1986 from:

The British Petroleum Company p.l.c., Britannic House, Moor Lane, London EC2Y 9BU

Goldman Sachs International Corp., 5 Old Bailey, London EC4 7AH

Hoare Govett Limited, Heron House, 319/325 High Holborn, London WC1V 7PB

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THE PACKAGING GROUP

PLM Pac Division PLM Metal Division PLM Glass Division PLM Plastics Division PLM Sellbergs Division **PLM Corporate Development Division**

Preliminary Results for 1985

"Actions taken should result in improved earnings."

☐ The Swedish metal and plastic packaging operations and the Sellbergs Division reported good earnings. Earnings were adversely affected by industrial disputes in Denmark and Sweden as well as by an extremely cold winter and a poor summer.

☐ Comprehensive rationalisation programmes were implemented in the course of the year in both Denmark and Holland. Similarly, improvements in the Swedish glass packaging units are in preparation. The actions taken should result in improved earnings for the Group.

☐ The corporate structure of the PLM Group has been changed with effect from the start of 1986. Each new division will consist of business units based on a common type of packaging material, irrespective of geographical location. This new divisional structure allows for more precise management responsibilities and a better co-ordination of technology, production and usage of capital.

☐ The Board plans to propose to the Annual Shareholders' Meeting an issue of convertible loan of approximately SKr 50m corresponding to about 300,000 shares fully converted to all employees in Sweden, Denmark, the Netherlands and West Germany. Subject to approval by the Annual Shareholders' Meeting, the loan is to be issued during the spring. ☐ The English version of the Annual Report and Accounts will be posted to

shareholders on 24th March, 1986. ☐ The Annual Shareholders' Meeting will be held at 4.00 p.m. on 3rd April, 1986 at the Malmo Municipal Theatre.

GROUP HIGHLIGHTS

	SEKm 1985	SEKm 1984	SEKm 1983
Net turnover	3,608.1	3,368.0	3,258.6
Earnings after depreciation	193.7	255.2	241.2
Earnings after extraordinary items but			
before allocations and taxes	163.4	214.2	157.5
Dividend (1985 proposed) - SEK per share	5.80	5.40	5.00
Earnings per share	10.00	15.50	16.20

NOTICE OF ATTENDANCE

☐ Shareholders wishing to attend the meeting must notify PLM no later than 4p.m. Tuesday, 1st April, 1986. The form sent to shareholders on 4th March, 1986 may be used for this purpose.

☐ Alternatively, notice may be given by telephone on 010 4640-20 90 00. ☐ Shareholders who wish to be represented by proxy must fill that section of the form sent to them on 4th March, 1986. Forms of proxy are also available for collection at the offices of Cazenove & Co., 12 Tokenhouse Yard, London,

Additionally, in order to be qualified to participate in the Meeting, a shareholder must be registered at the Swedish Securities Register Centre (VPC AB) no later than 24th March; 1986. Shareholders whose shares are administered by a bank or a private stockbroker must ensure that their shares are the VPC no later than 24th March 1996.

On giving notice of attendance shareholders should specify their VPC registration number.

DIVIDEND

On condition that 8th April, 1986 is approved as the rec expects to distribute the dividend on Tuesday, 15th April, 1986.

THE BOARD OF DIRECTORS

The Hongkong and Shanghai **Banking Corporation** (Incorporated in Hong Kong with limited liability)

U.S.\$400,000,000 PRUMARY CAPITAL UNDATED FLOATING RATE NOTES (SECOND SERIES)



Notice is hereby given that the Initial Flate of Interest has been fixed at 814% and that the interest payable on the relevant Interest Payment Date June 5, 1986 in respect of \$5,000 nominal of the Notes will be \$103.02 and in respect of \$100,000 nominal of the Notes will be \$2,060.42.

March 5, 1985, London By: Chibank, N.A. (CSS) Dept.), Agent Bank

NOTICE To the holders of GFC INTERNATIONAL FINANCE N.V. 10½% Guaranteed Debentures

The annual financial statements of GFC International Finance N.V. and its parent, General Foods Corporation, for the fiscal year ended March 29, 1985, are available for inspection at the offices of the various Paying Agents during normal business hours.

Copies of these statements may be procured by written request to: General Foods Corporation 250 North Street RA-7N

White Plains, New York 10625 Dated: February 28, 1986

INTL. COMPANIES

EMS expects 30% growth at year-end

the current year, group turnover was up 35 per cent over the corresponding period, about half of this

April 30. It is would have a sales in than sales in an second, proceed cent growth of consolidated sales in ly in the chemical engineering. To-During the first nine months of go and plastics divisions. For the current year, group purpover 1985/88 as a whole, EMS expects

Chemical engineering sales 18.1m – jumped by more than 80 per doubled and those of plastics and cent to SFr 55.1m.

The buy-back will be spread dis-

proportionately between the three different classes of GM common stock. Up to 10m of the parent com-

pany's shares may be acquired for \$775m. GM also plans to spend about \$350m to buy back 8.5m Class

GM plans share buy-back

GENERAL MOTORS, the world's largest vehicle group, plans to spend almost \$2bn on a share re-

own equity.

The company gave few details of the programme but it follows a spate of similar moves by large US corporations last year. A number of cash-rich companies said they were the companies said they were shares, which relate to Hughes Aircorporations last year. A number of cash-rich companies said they were repurchasing shares because their shares were selling too cheaply on

has risen sharply since many of these schemes were launched, GM's shares are well below the beights shares are well below the heights achieved early last year. At the same time, GM is still carrying surplus cash in its balance sheet, with about \$5bn of liquid resources at the end of last year, despite the acquisition of Hughes Aircraft.

Second guarter 1	1985-86 1	984-8
·		
Plevenue	329.9m	329.6r
Net profits	*3.3m	*B.4 c
Not per shere	*0.21	*0.3
Six months		
Revenue	803.5m	833r
Net profits	200	*8.3
Net per share	*0.24	*0.5
* Loss		

Building materials	HES	
Fourth quarter	1985-86 11	84-85
Revenue	64m -	71m 3.7m
Net per shere	*23.68	10.36
- Florence - I - I - I - I - I - I - I - I - I -	- ·293m·'·	312.6m
Net profits	*24.98	*16.7m *1.60
* Loss (1985 includes \$2 discontinued ops.)	17.4m losse	i Ota
The state of the s		1

Net profits Net per share * Loss (1985 includes \$2 discontinued ops.)		- 1	
TVACO Stockmaker			
Twelve months Revenue	1985 C\$ 1,34bn	1984 C\$ 1.19bn	

Het profits	1.34bs 35.1m 1.04	1.19bn 32.3m 1.53
STOP AND SHOP Retailing		
Fourth quarter	1985-86 1 S	984-85
Revenue	1.08bn	945.5m
Net profits	19.9m	31.1m
Net per share	1.44	2.42
Twelve mentis		
Revenue	3.69bn	3.25bn
Net profits	· 30.3m	54.8m
Net per share	2.20	4.60

Net per share	220 220	54.8m 4.60
WAL-MART STORES Retailing	-	
Fourth quarter	1985-86 1 S	984-85
Revenue	2.77bn	2.07bn
Net profits	133.1m	109,4m
Net per shere Twelve mostlis	0.47	0.38
Revenue	8.45bm	6.4bn
Net profits	327.5m	270.8m
Nat per shere	1.16	0.96
ZAYRE		
Retailing		

GFC International Pinance N.V.

This announcement appears as a matter of record only.

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Algemene Bank Nederland N.V.

Pierson, Heldring & Pierson N.V.

February, 1986

EMS, the Swiss chemical group, ex-synthetic fibres rose by 17 per cent pects a further increase of about 30 and 10 per cent, respectively. per cent in the financial year to April 30. This would follow a 15 per than sales in all sectors, particular-

growth accounted for by the acquisition of the automotive products concern Togo.

In the previous financial year, operational cash-flow — which excludes extraordinary — which excludes extraordinary — then 80 per concern Togo.
Chemical-engineering

craft assets.

purchase programme in which it will buy in almost 9 per cent of its

shares were selling too cheaply on he market.

Although the US stock market the stock, which has slumped this

U S. QUARTERLIES

985-86 1	984-8
	329.6n
	"B.4 0
*0.21	*0.3
803.5m	833n
200	*8.3
-0.24	*0.5
	985-86 1 \$ 329.9m *3.3m *0.21 883.5m 2m *0.24

	Nat per share	*0.24	*0.51
	10EAL BASIC REDUST Building materials	TRES	
	Fourth quarter	1985-86 1	984-85
	Revenue		71m *3.7m *0.36
1	Twelve months		

4	-	
Revenue	64m	71m
Net profits	*326.2m	*3.7m
Net per shere	*23.68	*0.36
Twelve months		
Florence	- · 293m· ·	- 311.6m
Net profits	*339m	
Net per share	*24.98	*1.60
* Loss (1985 Includes \$2		
discontinued ops.)		
		.a
IVACO		ľ
Cinchester		1

* Loss (1985 includes \$2 discontinued ops.)		*1.60 es co.
TVACO Streimsker		
Twelve months	1985 C\$	1984 C\$
Revenue	1.34bn 35.1m	1.19bn 32.3m

STOP AND SHOP Retailing		
Fourth quarter	1985-86	1984-85
Revenue	1.08bn	945.5m
Net profits	19.9m	31.1m
Net per share	1.44	2.42
Twelve menths		
Revenue	2,69bn	3.25bn
Net profits	·30.3m	54.8m
Net per share	2.20	4.60
WAL-MART STORES Retailing		

WAL-MART STORES Retailing					
1985-86 1	984-81				
	5				
	2.07bs				
	109,40				
0.47	0.30				
8.45ba	6.4hr				
327.5m	270.8s				
	0.96				
	\$ 2.77bn 133.1m 0.47 8.45bn 327.5m				

1.34bm 36.5m 1.21

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Mitsuibishi Finance International Limited The National Commercial Bank (Saudi Arabia) Société Générale

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Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Bonds with Warrants, the Bonds and the Warrants to be admitted to the Official List. With effect from the date of issue, the Bonds and Warrants may be dealt in separately.

Interest on the Bonds will be payable annually in arrears on 24th March at a rate of 41/4 per cent. per annum. The Bonds will be in the denomination of \$5,000 and will be issued with Warrants attached, entitling the holder to subscribe \footnote{998,250}(equivalent to \$5,000 at an exchange rate of \$1=\footnote{181.65}) for shares of common stock (the "Shares") of Renown Incorporated (the "Company"), at \footnote{810} per Share (subject to adjustment in certain circumstances). The rights under the Warrants will be exercisable on or after 10th April, 1986 up to and including 12th March, 1991, subject as described herein. The closing price of the Shares on the Tokyo Stock Exchange on 3rd March, 1986 was \footnote{790} per Share.

Listing particulars relating to the Bonds, the Warrants and the Company are available in the statistical services of Extel Statistical Services Limited and copies may be obtained during usual business hours, up and including 7th March, 1986, from the company announcements office of The Stock Exchange and, up to and including 19th March, 1986 from the

Daiwa Europe Limited Condor House, 14, St. Paul's Churchyard, London EC4M 8BD

The Sumitomo Bank, Limited Temple Court, 11, Queen Victoria Street,

London EC4N 4TA

Cazenove & Co. 12, Tokenhouse Yard. London EC2R 7HB

Banque Bruxelles Lambert S.A.

Dresdner Bank Aktiengesellschaft

Merrill Lyuch Capital Markets

Morgan Stanley International Pierson, Heldring & Pierson N.V.

IBJ International Limited

Deutsche Bank Capital Markets Limited

Kuwait Investment Company (S.A.K.)

James Capel & Co. Crédit Lyonnais

Enskilda Securities Skandinaviska Enskilda Limited

5th March, 1986

 $(ij,j_1^{k_1,M_2,\alpha}$

Air Products and Chemicals, Inc

.Baring Brothers & Co., Limited

Shearson Lehman Brothers International, Inc. Union Bank of Switzerland (Securities) Limited

Bank Mees & Hope NV

INTERNATIONAL COMPANIES and FINANCE

Higher loan provisions hit Singapore's largest bank

A SURGE in lean provisions of A SURGE in hom provisions or close to 70 per cent has contributed to a 26.6 per cent drop in after-tax profits of Development Bank of Singapore (DBS), the island state's largest domestic bank in terms of assets.

ALMENDA S

Figures published yesterday for the year to December show group after-tax profits at \$891.3m (US\$42.4m), down from \$\$124.3m in 1984. Provisions for possible loan losses and for diminution in the value of assets were \$\$109.6m, up

of assets were \$\$109.0m, up sharply from \$\$64.7m.
The results are the first from the Big Four banks for the year, and DBS competitors are likely to show a similarly dismal performance. The figures reflect the deterioration in Singapore's business conditions at the country's gross domestic as the country's gross domestic product contracted for the first time in 21 years. equivalent first-half figure was a decline of less than 10 per

In particular, a breakdown of DBS results show a 48 per cent drop in profit attributable to shareholders for the second

APM shows

strong growth

in opening half

SECURITIES has become the first Singapore stockbroker to be put into liquidation during the next year.

liquidation during the industry's current crisis.
Our Financial Staff writes. Mr Lin Tah Hwa, the managing director, put the firm's debts at \$\$75m. (U\$\$34.85m) against net realisable assets of \$\$25m. The action against Lin Securities, which was last week brought works as the securities. week brought under the management of the Stock Exchange of Singapore, was instigated by the Oversea-Chinese Banking Corporation (OCBC), one of the Big Four commercial banks.

But analysts pointed out that, bbs results show a 45 per cent of the profit attributable to with a cut in corporate tax from shareholders for the second 40 per cent to 33 per cent half of the year compared with, promised for the coming finanthe same period in 1984. Thei neial year, it makes sense to prominority

vide for all possible bad loans now and pay tax on a reduced profit, in the hope of showing

a relatively big improvement According to yesterday's figures, the bank's income declined almost 5 per cent to S\$1.16bn, with the biggest component, interest earned, down more than 6 per cent to just under \$\$1bn. Expenses were down less than 1 per cent to \$\$1.03bn, but might have been trimmed more if not for the

frowisions.

The bank says these arose from "lower property values and business uncertainty in the manufacturing sector." While earnings from banking operations increased 8 per cent. it says, non-banking operations—dividends and property rentals—suffered a setback.

For the future, the hank says.

For the future, the bank says the continuing economic uncertainty "makes the prospects for the banking industry in 1986 limited." But government initiatives and regulatory changes "may present new growth opportunities."

Pak-Suzuki makes steady headway in first full year

By Our Sydney Correspondent APM, the Australian paper and packaging group, boosted net equity-accounted profits by 18 per cent to A\$46.8m (US\$32.5m) in the half-year to December.

On an equity basis, sales were up 46 per cent to A\$1.1bn. Counting only APM's majorityowned interests, turnover grew
16.8 per cent to Al680m. On
a conventional non-equity consolidation, including only the
dividend income from associates, APM's net profit was A\$39.54m compared with A\$37.04m.

The chief equity-accounted associate is Mayne Nickless, the transport group. It yielded A\$3.5m (up from A\$2m) after interest costs associated with

APM directors said all the main operations contributed to the improved result, despite high interest rates.

Earnings per share rose from 15.7 cents to 17 cents and the interim dividend is up from 9 cents to 9.5 cents.

PAK-SUZUKI Motor Company. (\$76.65m), up 140 per cent the Pakistani affiliate of the from PRs 470m in the initial Japanese car maker, has six months of production to declared a 40 per cent dividend for its first full year to June 1984. Pre-tax profits dend for its first full year to reached PRs 166.9m against June 1985, up from 30 per PRs 47.3m.

The company is a joint venture between Suzuki which

Production reached 24,284

The company is a joint venture between Suzuki, which holds a 12.5 per cent stake, and the state-owned Pakistan Auto-

vehicles, well above official the state-owned Pakistan Autocapacity of 17,000 units a year, mobile Corporation (Paco), for a range which includes which has 40 per cent. The
Suzuki cars, small pick up
trucks, vans and jeeps.

Sales were PRs 1.13bn the public.

Japan drafts deposit insurance bill

insurance law for banks, writes Yoko Shibata in Tokyo.

It would involve the creation of a Deposit Insurance Corporation — the equivalent of the FDIC in the US — which would be empowered to assist banks. in taking over financial institu-tions which encounter difficul-

THE JAPANESE Government ties. The bill also clarifies the has formulated a draft bill to Finance Ministry's role in revise the country's deposit advising or arranging mergers If a merger or business rights transfer is considered urgent, a bank would be able to pro-ceed without obtaining prior consent from shareholders. The bill is due to be presented to the Diet (parliament) by the middle of this month.

A\$100m offer for Peko Oil

PERO-WALLSEND, the Australian mining and industrial group, is making an all-share offer for the minority holdings in its eash-rich 54 per centowned Peko Oli subsidiary, with the one-for-six terms valuing the outside holdings at some A\$100m (US\$69.5m). Peko Oil—previously named Weeks Australia—has about A\$120m cash on hand and, after reducting this from the total valuation placed on Peko Oil by the bid terms, its remaining oil interests are

valued at A\$100m. These cover a stake of just over 10 per cent in the Timor Sea block containing the Jahiru field and the promising Challis discovery. Additionally it has producing interests in the Eromnaga Basin of south-west Oueensland and extensive exploration areas in Western Australia, the Bass Strait, the Gulf of Carpentaria and northern New South

Wales,
The offer comes 2 little
more than a year after PekoWallsend bought control of
Weeks Australia from Mr Robert Holmes à Court's Bell Resources at a cash price of

Peko is to offer one of its dividend-paying shares, trad-ing at A\$5.20 at the close yesterday, for each non-divi-dend bearing Peko Oil share, valuing them at just on 87 cents. This compares with a recent market range of 57 cents to 66 cents and a closing level of 65 tents yesterday.

Peko-Wallsend aiready has production and exploration interests in the US and UK The infusion of cash from

its oil offshoot will help Peko-Wallsend offset its borrowings, which last June stood at A\$250m, a total which will have been increased with the recent A\$77m acquisition of a further stake in the Robe River iron venture. ● The Supreme Court of Victoria has rejected an appeal by Bell Resources for the removal of an injunction restraining it from sending out offer documents for the stake it is seeking in Broken Hill Proprietary (BHP), Reuter reports from Melbourne.

The court said the injunction will remain to protect BHP shareholders until the legality of Bell's bid is deter-mined.

CRA raises dividend after earnings surge

CRA, the Rio Tinto-Zinc group's Australian mining arm, boosted

from AS29.5m in 1984. Extraordinary gains of AS28m from the sales of properοť ties in Melbourne and of the group's timber interests bring total net profits for the past year to A\$115.8m or 23.4 cents per share.
The final dividend is raised

to 10 cents a share from 4 cents last time to bring the 1985 total to 15 cents against

cents. Net profits before extra-

weakness Australian dollar brought an 1985 earnings before extraordinary items to A\$87.8m main effect was to boost export
(US\$61m or £42.5m), equivalent to 17.8 cents per share.
from A\$29.5m in 1984.

Extrapolation of A\$560m from Commonwealth from A\$3.43bn.

On the other hand, the changed exchange rates led to losses of A\$140.8m (A\$88.9m in 1984) on foreign currency borrowings. Interest charges rose to A\$245.3m (A\$168.2m), reflecting increased borrowings and higher interest rates as well as currency considerations.

Net profits before extra- Group operations made a ordinary items rose in the mixed showing. Hamersley second half to A\$54.1m from Iron and the coal operations A\$33.7m in the first six months, did well and so did the but they were increased by A\$35.3m as a result of tax deductable foreign exchange losses incurred in the full year by CRA Finance.

A\$502.1m from and the coar operations of did the Bougainville copper and gold operation in Papua New Guinea. Results of other nonferrous businesses, however, were "severely depressed."

Santos defers projects following cut in oil prices

BY OUR FINANCIAL STAFF

SANTOS, the Australian oil and were 76.2 per cent ahead at gas producer, is to defer indefi- A\$506.5m. and development projects which were originally scheduled for the current year. This follows A\$30.8m in provisions for unsharp cut in official prices for domestic crude

Sir Brian Massy-Greene, the chairman, said in Adelaide yesterday that the effect of the Canberra decision was to reduce selling prices for Santos crude by up to A\$16.80 (US\$11.68) a barrel. He added: The effect on Santos revenues will be material. However, it is expected that Santos will be able to trade profitably at these

levels." He was speaking after the release of 1985 consolidated results for the company. These showed a 71.8 per cent surge put. Sp in net operating profits to these of A\$144m, on revenues which A\$163m.

realised foreign exchange

The total dividend for the year is being raised from 15 cents per share to 20 cents, although subscriptions to the company's one-for-four rights issue made during the period

will not qualify. Sir Brian described 1985 exploration results as mixed. Sufficient new oil reserves were found to replenish about half the year's production from existing fields, while gas discovered in South Australia more than offset the year's output. Spending associated with these developments totalled

Unihold Superite reduces losses

South African associate of Burmah Oil which makes mining supplies and motor vehicle components, increased its sales and reduced losses in 1985 through margar and 1985 through merger and from R7.42m. The pre-tax loss disposal of lossmaking divisions, was R6.70m against R9.64m.

UNIHOLD SUPERITE, the writes Jim Jones in Johannes

burg.
Turnover rose to R74.3m (\$37.4m) from R35.9m and the operating loss before interest and tax was reduced to R2.98m We are pleased to announce that

Richard B. Lazarus Managing Director

has joined our Fixed Income Department with responsibility for Commercial Bank Group Money Market Finance.

DEAN WITTER REYNOLDS INC.

High gains with a leading German stock market letter in English

The German stock market has appreciated by more than 70% in 1985. But it was easy to make over 100% with many blue chip investments. For example, we recommended the Hoechst Ws. at DM 18, today they are DM 170. One of our main recommendations was the Swiss Bankverein Ws. at \$20, today's price is \$78. The Pirelli Basel Ws rose from \$7 in the past 13 months to \$80 today. We are not concentrating on speculative issues but we try to recommend stocks with an excellent risk/reward ratio. We started to recommend the Swiss Ciba Geigy Ws at DM 100. Sell recommendation was at DM 2.500.

Our newsletter was the first to predict a disinflation/deflation

Our newsletter was the first to predict a disinflation/deflation economy. When we recommended to sell gold at the beginning of

1980, nobody knew what disinflation meant.

Many German and Swiss stocks have asset values that are 5-20 times today's stock price. Some stocks with a higher yield (including tax benefits) than German bonds still have an excellent risk/reward-ratio. Our company is also the biggest German portfolio manage-ment company. Dr Erhardt has published stock market newsletters for 17 years. A Swiss publisher elected Finanzwoche the most successful German newsletter in 1985. Subscribe to Finanzwoche for 6 months trail period. Cost £35. For further details please write to:

Dr Jens Ehrhardt, Finanzwoche P.O. Box 6365, D-8012 Ottobrunn/Munich, Germany

of which U.S. \$200,000,000 is being Issued as the Initial Tranche The Bank of New York Company, Inc. Floating Rate Subordinated Capital Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 71916% p.a. and that the interest payable on the relevant Interest Payment Date, June 5, 1986 against Coupon No. 2 in respect of US\$10,000 nominal of the Notes will be US\$202.85.

Merch 5, 1998, London

By: Cltibenic, N.A. (CSSt Dept), Reference Agent - CITIBANCO

BANK B.S.C. 1 GULFINTERNATI 985 RESULI

Net Income for the year 1985 was US\$67.0 million, an increase of 4.9% over the previous year. The growth in Net Income can be attributed to a 4% increase in Net Interest and Fee Revenue to US\$96.2 million, against a marginal increase of 1.9% in Operating Expenses to US\$43.5 million.

Net Income has grown from US\$34.6 million in 1981 to US\$67.0 million in 1985. As a result GIB now demonstrates an annual compound growth rate in Net Income over the past five-year period of 18% p.a.

Total Assets, at US\$7.8 billion, were up 4.9% and the loan portfolio was virtually unchanged at US\$4.15 billion. Following a US\$98 million increase in capital and the retention of US\$367 million from 1985 Net Income, there has been a substantial strengthening of Shareholders' Equity which is now US\$715 million. This accounts for 9.2% of Total Assets against 7.8% in 1984.

Abdulla H. Saif Chairman

Ghazi M. Abdul-Jawad General Manager

57,531

96,651

63,937

107,362

INANCIAL SUMMARY 31.12.85 31.12.84 31.12.83 US\$ 000 US\$ 000 US\$ 000

67,037

Net Income Net Interest, Fees and Other Operating 111,385 Income

447,055 580,063 Shareholders' Equity **Total Assets 7,781,579** 7,419,396 7,436,758

4,150,266 4,170,038 4,038,478 Logns **6,514,345** 6,338,968 6,468,401 **Deposits**

∧iddle Eastern Link

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The International Bank of the Seven Gulf States

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Pressure builds on Bundesbank to cut discount rate

THERE ARE strong reasons ing at around DM 2.20 to the stronger economic growth this ginal and already the government of the stronger economic growth this ginal and already the government has met more than one hank may decide to cut its key 40 per cent against the US real terms after 2.5 per cent quarter of its gross borrowing discount rate, from the present currency since the start of last in 1985 thanks to stronger needs for the year without over-4 per cent, at tomorrow's meet- year (much of that since the ing of its policy-making council. Group of Five meeting) and On the international front such around 11 per cent since the a cut would offer more scope for interest rate reductions elsewhere, crucially in the US. Domestically, a cut looks appropriate with the inflation rate low and falling while unemployment remains high. If the council does not remain to the council d ment remains high. If the council does not act now it may well come under growing pressure, not least from the currency markets, to do so at its next meeting in a fortnight. That currency point under-lines how sharply the international situation has changed since the Group of Five agreed last September on steps to force down the dollar. Soon after

Nokia to offer

unrestricted

shares

By OIH Virtanen

at foreign investors.

annual general meeting to raise the group's share capital

The proposed new issue is

to comprise 350,000 ordinary

shares with 10 votes apiece, and 300,000 preference shares

down the toltar. Such after that decision there were wide-spread rumours that the West Germans had agreed to raise their key interest rates to help

the dollar could be close to a danger zone in which its largelymanaged reduction so far could turn into a self-sustaining free fall. The implication is that if key US interest rates are to go down further, then other countries—in the first place West Germans are certainly keen to see lower dollar rates, not just to help ward off economic down-

fits of the oil price cut. But with the jobless total remaining placed over this generally favourable picture. First, central

ment has met more than one and monetary officials stress the quarter of its gross borrowing striking paralells between Ger-

Changes in West German discount and lombard rates have come to look more like confirmation of an existing trend rather than as heralds of a new one, Jonathan Carr writes

action which will encourage expanding well beyond the tar-

the recent news is good. The annual rate of inflation in spread rumours that the West
Germans had agreed to raise
their key interest rates to help
bolster the D-mark against the
US currency. The rumours
were firmly denied by the
Bundesbank, yet they were not
inherently implausible—at least
not in a context in which the
Japanese were boosting their
rates.

Today the boot is on the
other foot. The D-mark, hover-

still more growth without get range set for this year of endangering price stability.

In the latter case almost all the recent news is good. The annual rate of inflation in shooting, and certainly at present there would be no

and monetary officials stress the many's situation now and eight years ago.

In both cases the D-Mark strengthening, import prices and the inflation rate was falling, long-term bond yields plummeted—then under per cent now under 6 per cent-and central bank money stock was swelling rapidly. sophisticated, open market from 1979 on, inflation rose sharply by German standards, touching a peak of 6.3 per cent on its Wertpapierpensionsges in 1981 with bond yields at chaefte, under which it buys 10.6 per cent, and the country securities on condition that the planned into current accounts

One big difference between then and now is that Government borrowing rose sharply before, partly because of the pledge to boost economic growth which Bonn made at the 1978 Western economic summit meeting. Today borrowing is hardly rising and Bonn has no plans to make a similar no plans to make a similar growth pledge at the forthcoming economic summit in Tokyo. Yet some officials still draw a broader lesson from 1978—not to throw away hard-

"shadow of 1978." Some bankers premature relaxation, either in fiscal or monetary policy.

All that said, it is worth stressing that while shifts in the discount and lombard rates still have great psychological importance—not least for the foreign exchange markets—their practical implications their practical implications have changed in the last year or two. The Bundesbank has come to rely ever more on sophisticated, open market 10.6 per cent, and the country securities on condition that the plunged into current account deficit, partly because of a currency which had become overvalued.

Changes in the discount and lombard rates have content to look more like confirmation. mations of an existing trend rather than as heralds of a new

Last year, for example, in the wake of the dollar's reverse in the spring, the Bundesbank encouraged cuts in domestic interest rates and yields through its repurchase accords. This phase ended in August when the phase entired in August who the central bank cut each of its key rates by 0.5 per cent, the discount to 4 per cent and the draw a broader lesson from lombard to 5.5 per cent. The at home and abroad bank has long been won price stability gains by



Mr Karl Otto Poehl working to prepare ground

a time, but the trend has since continued on down.

On Monday, for example, the central bank announced a mini-mum interest rate of 4.3 per cent for its latest repurchase deal compared with 4.5 per cent before and 5.5 per cent this time

If the central bank council announces a discount-and possibly a lombard — rate cut tomorow it will attract attention at home and abroad. But the bank has long been working to

General **Motors** in \$2bn buyback

By William Hall in New York

GENERAL MOTORS, world's largest vehicle group, is planning to spend almost \$2bn on a share repurchase programme in which it will buy in almost 9 per cent of its own equity, writes our New York Staff.

The programme follows a spate of similar moves by large US corporations last year, when several cash-rich companies said they were repurchasing shares because their shares were selling too cheaply on the

Although the US stock market has risen sharply since many of these schemes were launched. GM's shares are languishing well below the heights achieved in the early part of last year. At the same time, GM is still carrying surplus cash in its balance sheet. with around \$5bn of liquid resources at the end of last

The buyback will be spread disproportionately between the three different classes of GM common stock.

National Starch buys plant from Unilever unit

NATIONAL STARCH and Chemical, a US subsidiary of Unilever, the Anglo-Dutch consumer group, is to buy a corn milling plant in Hamburg, West Germany, from Maizena, a German subsidiary of CPC Inter-national, the US food processor, Tony Jackson writes.

The Hamburg plant makes maize-based starches for food manufacture, with an annual output of 85,000 tomes. National Starch said it would invest in increasing the plant's range of products, to include starches for the paper and textile industries. Total acquisition and invesment costs would be DM 60m (\$27m).

Sweden joins 30-year trend

SWEDEN yesterday followed

and increasing its size to paroun thanks to a good response. domestic market, but one Healthy sales into the Far East appeared yesterday. HNG-early in the day, and a strongly interNorth, the gas pipeline rising Eurobond market, encompany, is raising \$100m through a 10-year non-callable hand lad by CSFB. The coupon and increasing its size to \$250m NOKIA, THE Finnish diversified industrial group, is plan-ning to launch an issue worth FM 65m (\$13m) unrestricted shares targeted lead manager, to raise the amount and the issue still traded well inside the 14 per cent selling concession. The board will seek authority from this month's

The terms were set at an 82 per cent coupon and par issue price. Unlike Quebec's deal, which is non-callable for life, this issue is callable in the eleventh year at 105 and then at declining prices.

About 5.6 per cent of Nokia's shares is estimated to New Zealand launched a \$150m seven-year non-callable issue with an 81 per cent and a 991 be held by foreign investors, although unrestricted shares make up 13 per cent of its equity capital.

The company launched a share issue and obtained a listing on the Stockholm Stock

Quebec's example by launching borrowers in the Eurobond a 30-year Eurodollar bond issue market, since they can borrow more cheaply in the US bond led by CSFB. The coupon of 94 per cent is high relative to most other new deals in the market, and reflects the company's lower credit rating.

Issue price is 1001 and with fees of 2 per cent the yield was around 135 basis points above US Treasury yields. That high spread allows investors to swap the bonds for floating rate money paying well above Lon-An issue by another sovereign name also had a good reception. don interbank offered rate. However, the issue was slow to sell and trading was not

active. issue price. With fees of 1½ per cent, hte yield was around 55 basis points above US Treasury yields. The bonds, led by Credit Suisse First Boston, traded The Eurocollar bond market saw price rises of ½ point to more yesterday but again lagged behind the New York bond market. Traders are hoping for

US companies are now rare oil prices, but many are now corrowers in the Eurobond getting nervous following the strong gains of recent days.

An issue with equity warrants for Fujita, the Japanese civil engineering group, guaranteed by Mitsui Bank, proved popular. The \$50m five-year bonds have an indicated coupon of 41 per cent and par issue price and the deal was led by Nomura International. It traded well above par at around 1071.

Nomura also led a Euroyen issue which has coupons paid in dollars. The Y20bn deal for Banque Française du Commerce Exterieur, has a 10-year life and is priced at 1013. The coupon will be at a rate of 7½ per cent with an exchange rate og Y179 to the dollar. The redemption amount will also be related to the yen/dollar exchange rate. change rate.

As long as the rate is Y84.5 or more to the dollar, redemp-tion will be at par. If the dollar falls below that level then the redemption amount will de-crease according to a formula.

DM 300m World Bank issue

THE WORLD BANK brought 30-year maturities into the D-mark fixed rate bond market yesterday with a DM 300m issue, yesternay with a Dan Soom issue, forming half of a two-tranche, DM 600m issue. Deutsche Bank, the lead manager, also led the World Bank's 30-year Eurodollar issue and its 30-year D-mark zero coupon issue, Maggie Urry

The S0-year tranche has a 6 per cent coupon, par issue price and fees of 2 per cent. The other tranche is for ten years. carries a 51 per cent coupon and is issued at 991 with fees of 14 per cent. Both tranches are non-callable and both met a good initial response, trading com-fortably within their selling con-

Activity was high in the sec-tor yesterday, buoyed by hopes of interest rate cuts when the Bundesbank council meets tomorrow. Traders were also en-couraged by the strength of the New York bond market and the weaker dollar. Another new issue for DM 100m from PHS Van Ommeren, the Dutch shipping group, traded well too. It is the borrower's first deal in the sector. This eight-year issue, led by Commerzbank, has a 63 per cent coupon and par issue price. New York bond market and the

from Kao, the Japanese soap company, is expected today with Westdeutsche Landesbank

with Westdeutsche Landesbank
the lead manager. Issue size is
likely to be DM 120m.
Prices in the secondary
market gained \(\frac{1}{2}\) to \(\frac{1}{2}\) point in
hectic trading yesterday.

Continental bond markets
were generally firmer yesterday
as traders saw the dollar weakcoming and interest rates coming

ening and interest rates coming down. Ecu bonds have recovered of late and Eurosterling issues also strengthened.

The Swiss franc foreign bond

market had a new type of issue market had a new type of issue to contend with, a SFr 200m perpetual deal for Persico. This is the reverse of the usual dual-currency structure with the coupons paid in dollars, and has been dubbed a Foreign Interest Payment Security (FIPS).

The bonds, priced at par by Credit Suisse, has a 7½ per cent coupon. The coupon will be refixed every 10 years according to a formula based on US Treasury 10 year yields less 50 basis points. The exchange rate will remain the same SFr 1.8690 to the dollar. A normal dual-currency deal

was launched by Union Bank of Switzerland for Anheuser-Busch, the US brewer, This is for SFr 187m and has an eightyear life with a 6 per cent coupon payable in Swiss francs. coupon payable in Swiss francs.
The redemption amount will be \$3.100 per SFr 5,000 bond.
Coastal Corporation, the US oil and gas group, launched a SFr 150m public issue which is connected to a swap into dollars. Banque Paribas (Suisse) set the terms at a 10-year life, a 5½ per cent coupon and 99½ issue price.

Kinder-Care, the US private children's nursery company, is offering a new bond issue that can be exchanged for part of a deal done last year, now trading at a yield of around 6 per cent. The new issue, of SFr 50m to SFr 75m, has a 10-year life, a 6 per cent coupon and par issue

6 per cent coupon and par issue price. Manufacturers Hanover

(Suisse) led the deal.
The original issue was led by The original issue was led by Chemical Bank and was for SFr 130m. It matures in 1995, has a 5½ per cent coupon and was priced at 99½. Fujita launched an equity warrant deal in Swiss francs as mall at one in dollars vectorday.

warrant deal in Swiss francs as well as one in dollars yesterday. The SFr 100m private placement is led by Credit Suisse. The yield is indicated at 24 per cent and final terms will be set on March 11. Trading was at a high level

in the secondary market in Switzerland, too, and prices gained around 4 point Late in the day Copenhagen Handelsbank launched a Danish kroner deal raising DKr 350m. The 10-year issue, led by the bank itself, has an 81 per cent coupon and 100 issue price. Fees

FFr new issue activity slows ahead of elections

BY CLARE PEARSON

French franc Eurobond market lower volume reflects expecta-is to slow down slightly ahead tions of increasing nervousness of the parliamentary elections scheduled for March 17. Only two issues, totalling FFr 1bn, have been approved for March, compared with three, totalling FFr 1.2bn, in February. The first, which should be

NEW ISSUE activity in the

launched later this week, will be for Rhone Poulenc, the state-owned chemicals group. It will be lead-managed by Credit Commercial de France. the European nuclear agency, The second will be for Swedish for example, is currently bid Export Credit. Each will total at 100%, \$ per cent above its around FFr 500m.

in the market about a devalua-tion of the French franc as the Such nervousness has not

French bankers say that the

however, so far affected the Eurofranc market which, along with the domestic market, has been exceptionally strong over the past few weeks. The last of February's issues, for Nersa,

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

-			Closi	og p	rices	on .	March
2	US DOLLAR				Chans	30 AT	
9	STRAIGHTS	ssued	Bid	Offer	day 1		
,	Amey 10% 92	100	105	1061,	+0%	+14	9,06
;	Amex Credit 10% 90,,	100 _. 250	1075	108	+04	+1%	8.59
-	Atlan. Richfield 10% 00 Australia Com. 11 95	250 200	114%	1154	+0%	+32 +24	9.63 8.57
t	Australia Com. 11 95 Australia Com. 113 00	100	117	1174	+0% +0%	÷3%	9.04
ı	8P Capital 114 92	750	708	700%	+04 ·	+0%	9.78
•	Campbell Soup 101 95 Canada 111 90	: 100 500	1111	1115	∓1½ +0%	+22 414	8.68 8.07
1	Canadian Pac. 10% 93	100	106	100	+04	+0-	9.50
	CEPME 10 91	100			+0%		8.42
.	Citicom 10 98	200 200	103 †101	70112	+04	+12	8.47 9.79
ŀ	Citicorp 10% 95	200	103%	104	+0.2	+15	9.93
!	Credit Lyonnais 9 91.	200	101%	1024	+05.	+15	8.46
1	Credit National 91 93	150 100			+0½ ·		8.52 8.38
1	Denmark Kgdm. 114, 89 Denmark Kgdm. 114, 90 Denmark Kgdm. 114, 92	100			+0,		8.5£
۱	Denmark Kgdm. 114 92	100	1124	112%	+02.	+14	8.74
. 1	EDF 10 95	225 150	105%	1073	+0½ ·	⊦11. -17	8. 8 8 8.20
١	EEC 97 90	350	1044	1045	+04 -	-14	8.38
ļ	FIR 101. Q4	200	10072	109	+0% -	+2	8.76
J	EIS 12 95 EN Lilly 104 92	200 150	1191		+1 +0% +	123 143	8.77
ĺ	Equit. Lrd. Rity. 10 2 97	100	107%	107%	+1% -	-34	8,37 9.40
1	Export Dev. Con. 10 90	100	105%	1061	+0% +	⊦07	8.26
1	Fed. Dep. Strs. 104 95 Ford Motor Crd. 107 91	100 150	1087	109	+ውኔ - ተውኔ -	⊦17 .	8.70
1	Ford Motor Crd. 111 90	100	1087	109	+0%	12	9.00 8.67
l	Ford Motor Crd. 12 95	100	1134	1135,	+0% -	+1%	9.69
1	Gen. El. Cred. 104 00	200 200	1053	1051	+04 -	- 1 -	9.54 8.15
ı	GMAC 104 89 GMAC 104 92 IADB 97 95	250 250	105	1064	+0% -	12.	9.02
ı	IADB 97 95	200	1077	100%	+0% +	-24	8.60
ł	IAUK 104 95	150 100	110°2 1	177 1001	+0% + +0% +	11	8.77 8.88
ı	Kellogg Co. 10% 90 Kellogg Co. 11% 92 Nippon Cr. Bk. 10% 95	100	1085	109	+0-4	14	9.25
ı	Nippon Cr. Bk. 10% 95	150	11175	1117	+0% -	-2-	5.53
ł	Proce & G 'A' 93	160 150	105%	1065 1043	+0% +	-14	9.13 8.96
ſ	Pilisbury Co. 104 93 Proct. 8 G. 'A' 9' 92 Pru Realty S. 124 95	546	113%	140	+0% 4	i	9.70
1	Qantas Airways 10" 35	140	1104	1704	ተውኔ ተ	-77	8.67
ł	Quebec Hydro 1112 92 Queensid. Gvt. 101 95	100 100	112 1 1084 1	1671	+0½ + +0½ +	14	8.98 8.50
l	Raiston Purma 11% 95	160	115% 1	1154 .	+0% 4	-3	9.15
i	Saab Scania 91, 91	125			+07 4		8.79
Ì	Seskatchewen 10% 92 Scandinavia Air 10% 95	100 150	109% 1	1084	+03-4	34	8.52 8.86
l	State Bk. S. Au. 94 93	100	1024	Ю3 -	+11/2 +	-21,	8.70
ı	Stateil 10 90	170	705% 1	105%	+0% +	0'	8.44
ļ	S. Wales Tray. 113, 90 Swed. Exp. Cred. 10 92	150 160	107 ₂ 1	1374 ₉ . 188	+012 4	7	8.52 8.34
l	Swadon 104 92	250	108% 1	1094 -	ተውኔ ተ	2'	8.46
i	Sweden Kgdm, 10% 90 Sweden Kgdm, 11% 89 Sweden Kgdm, 11% 94	200 200	108 ¹ 2 1		+02-4	. 1	8.32
ı	Sweden Kodm. 114 94		1135 1	1141	+01, 4 +01, 4	12	8.21 9.35
١	Tanneco Con. 10% 95	150	1054 1	1064 -	+0% +	ο,	9.7Z
ĺ	Utd. Tech. Fin. 10% 85 Victorian Rep. 11% 92	100 . 150	1084 1	UB	+0,4	14	9.22
l	World Bank 94 2016 World Bank 10 95	300	112 ³ , 1 1091	109% -	÷ው⊾ →	٠4٠.	9.36 8.86
l	World Bank 10's 95	300	11114	777	+ 2% +	27,	8.29

Average price chang						
EUTSCHE MARK TRAIGHTS	issued	Bid	Offer	Chan day	week	Yield
sian Dev. Benk 8 94					+04	6.76
openhagen 7% 95	750	1034	104	-04	+01	5.81
redit National 84 94	200	109	1094	-04	+01-	6.57
low Chemical 64 95	300	102%	1031,	-04	+04	6.30
IB 6% 95	300	†104 ³	105	o ¯	+15	6.20
IB 7½ 94		1057	1061.	+0%	+07	6.38
mhart Con. 6% 95		11015				6.50
SCOM 8 92	160	991	1004	+02	+07	8.00
x. Im. Bk. Kores 75 90	100	101%	1024	0	-0-	7.06
errovia Dello St. 8 91	190 .	107%	108	-04	+ 11	6.20
inland Republic 7 92	200	104	1044	-04	+11	6.09
lould Int. Fin. 7% 91	100	104 ነ	1054	+04	. 0	6.50
reland 81 52	150	106%	107%	0	+0%	6.65
S Elsem 6% 93	125	19 9	282	0	+14	6.87
apan Fin. Con. 7% 91	700	†105 ² 2				6.25
Itabahi, M. 34 89 WW	100	105%	106%	-04	+0%	1.42
Itshahi, M. 34 89 XW	100	914	924	+0-	-07	5.59
usbec-Hydro 7's 95	200	104	105-	0	+04	6.40
enfe 7% 95	100	105%	106	+04	+0%	6.86
oc. C. Nuclear 74 95	750	1027	103%	+04	+04	6.76
oc. C. Nuclear 8 91					+0*	6.79
. African Tran. 7% 92					-o-	9.12
Vorld Benk 7 95					+14	
Average price chang		n day				

-					
1			C	hange o	XII
J	OTHER STRAIGHTS (22) 80.AS 5.22-29-AU	иод Від Ю 947	Offer d	ey wee	k Yield
1		o 97	954 984 984 985	· 0° + 0	13.35
1	First Finance 141, 89 AS				
1	Swed, Ex. Cr. 13 88 AS 4 Amex 104 90 CS 5	0 97 0 1024	. 1021	0 0	14.13
-1	Canad. Pac. 10's 90 CS 7	5 102	1031	0 -0	7 3.50 4 8.50
1	Canad. Pac. 104 90 CS 7 CIBC 184 90 CS 7 CIBC 184 90 CS 7 CIBC 184 90 CS 7 Montreal 114 95 CS 7	5 † 1013	98 1023 — 1034 — 1045 — 1005 + 100 + 98 + 1005 +	04 -0	¥ 10.15
ł	Genstar Fin. 111, 95 CS 7 Montreal 111, 95 CS 7 Ryl. Trustco 101, 90 CS 7 Sears Acc. 101, 92 CS 7 Sears Acc. 101, 92 CS 7 Coca-Cole F. 17 90 MS 7 Nordic J. Bk. 18 88 NS 6 Unilever Cp. 177, 89 NS 5 Copnhagn. C. 9 95 Ecu 4 Eutelsat 9 93 Ecu 9 Walt Dianay 83 R4 Ecu	5 106 <u>4</u> 5 1044	2 106 - 1045. —	0 -0	10.72
1	Ryl. Trustco 101 90 CS 7	5 9 91	1003 — 1003	0 +0	≒ 10.70 ≒ 10.35
1	Sears Acc. 104 82 CS 7	5 †102 ¹	1024 -	0,5 -0	10.06
1	Nordic J. Rr. 19 90 NS 7	5 704	1,108 ÷	05 +0	4 16.17
1	Unilever Cp. 17-2 89 NS 5	0 97 0 97	98 +	04 TU	10.12 L 1837
1	Copnhagn, C. 9 95 Ecu 4	0 1023	98 + 1027, + 1027, + 1027, + 1027, + 1027, + 1027, +	05 +Z	8.51
ı	Walt Dieney 21 M Service	1003	, 1014. —	05 + P	8.83
1	Walt Dianey 84 84 Ecu 6 Honda WW 37 90 Fl 10 Honda XW 37 90 Fl 10	3 1017 3 1057	105%	0" + 1" 0 - 0"	2 63
1	Eutelsat 9 93 Ecu 5 Walt Dianey 8% 94 Ecu 60 Honda WW 3% 90 Fl 10 Honda XW 3% 90 Fl 10	90%	914 -	0,2 + 0,	6.44
1	111730011 /7 3U P1 5	0 1027	103% +	0% +0º	6.41
ł	Wessanen 64 90 Fl 7	5 1024 5 1004	1 1037) . 1011.	0 +04	4 6.64 L a sa
1	Eurofima 114 92 FFr 30	1074	1074 +	ᅉ	9.53
1	Amey 11 93 £	1005	100% +	0% + 14	10.92
1	EIB 114 93 C) 1024 1 1024	1024 +	0% +1	2 10.38
ı	GMAC UK F. 104 90 £ 30	1007	1007 +	05 +1	10.28
Į	Wereldhave 7-, 90 Fl 7 Wessanen 8-, 90 Fl 5 Eurofims 11-, 92 FFr 30 Australis Com. 11 92 £ EIB 11-, 93 £ 5 GMAC UK F. 10-, 90 £ Imp. Ch. Ind. 11-, 95 £ Imp. Ch. Ind. 10-, 92 £ Imp. Ch. Ind. 10-, 92 £ Imp. Ch. Ind. 10-, 92 £ Imp. Ch. 10-, 90 £	1014	100% + 1027, + 1027, + 1027, + 1028, + 1028, + 1028, + 1028, + 1028, + 1008, + 1008, + 1008, + 1008, +	04 +2	10.56
Į	McDonelds 107, 90 £ 40 Mtsbsbi. F. HK 11 90 £ 40 Mtsbsbi. F. HK 11 90 £ 40 Royal Ind. 104, 92 £ 40 Royal Ind. 104, 92 £ 40 J. Seinsbury 107, 93 £ 40 Trienntrol XW 11 92 £	984	967; —	0° -0	11.03
1	Mtsbshi. F. HK 11 90 £ 50	100	101	0% +1	10.74
ı	NSW Treasy, 104 92 £ 50	984	994 +	0% +1	10.85
I	Royal Ind. 104 92 g ed	997	700% +:	P ₄ +0	10.99
ì	Rank Xerox 11 92 £ 48 Royel Ind. 104 92 £ 93 J. Seinsbury 107 93 £ 60 Tricentrol XW 11 92 £ 35	995	100%	De +01	17.04 10.88
1	Tricentrol XW 11 92 E 35	84%	85% +	+12	14.72
i	Tathse. Forte 11½ 90 £ 50 World Bank 11½ 96 £ 100 COE 8½ 95 LFr 600 N. Lux. Al. 10½ 92 LFr 800	700%	100% +	92 + 9 4	10.99
1	COE 8% 95 LFr 600 N. Lus. Al. 10% 92 LFr 600	1994	100	2	90.94 28.8
1	N. Lux. Al. 101, 92 LFr 600	1035	104% -	, 0	9.62
ı	FLOATING RATE				
Ĺ	NOTES Sprea	d Bid	Offer 99.41	C. dte	C.cpn
1	Anglia Bidg. S. F 98 F M.	99.38	99.41 99.79	15/4	71%
1	Abbey Natni. 5 2000 £ 65. Anglia Bidg. S. 5 98 £ 64. Benkers Trust 5 2000 64. Belgium. Kngdm. of 91 0	99.38 99.74 99.92	100.02		713 8.31
1	Belgium, Kngdm, of 91 0	39.36	100.DB	79/8	8.96
ı	Belgium, Kngdm, of 91 0 BNP 51, 95	101.14	101.24	10/7	8.05
1	CCF 64 97	98.37	33.77 29.47	8/4 5/4	11 ¹ 2 5.06
ı	8NP 9s 95 0.05 Britannia 5 93 € 0.7 CCF 6s 97 0.0 Citicorp 5 2005 0.25 Credit Lyonnsia 5 2000 0.2 ECC 5 90 0.3 ENEL 5 2000 0.3 ENEL 6 2000 0.3	99.16	99,26	27/3	24 04
ĺ	Credit Lyonnais 5 2000 01	98,28	96.38	27/3	8.64 8.06
1	EEC 5 90	59.21	99.90	10/7 8/7	8.06
ı	Ireland 5L 97	99.99	100.09	1/3	84
1	Lloyds Bank Perp 04	100.04	100.14	28/2	8.44
1	Midland Bk. Perp. 6 04	100.05	100.30	9/6 19/6	81 ₂
1	Nativest Perp. A 50%	100,09	100.19	9/7	8 ² , 8.31
l	New Zealand 5 2001 0	700.06 99.71	700.16	9/8 4/8	87. 87s
ı	Prudential Cpn. 4 95 £ 0.1	99.58	\$9.68	5/3	11.78
١	R. Bk. Scot. 54, 2005 F 02.	100.04	100.14	11/8	8.44
(Societe Generale 5% 97 0%	100.00	100.34	6/5	134, 84,
ı	Woodside St. 52 0	99.98	100.06	18/3 7/7	8.06
ı	Woolwich 5 95 g 0	99.43	99.53	28/7	
1	Credit Lyonnsis 5 2000 012 EEC 5 90 012 ENEL 5 2000 013 ENEL 5 2000 013 Ireland 512 97 014 Ideland 512 97 01	On day	+0.03 A	19/5	77,69 60.01
1					
1	BONDS date	Cnv.	ald use-	Chg.	
١	80NDS data Ajinomoto 3 93	7053 1	721, 1731	- O2	Prem 6.85
ļ	Fanuc 34 98	23.87 ti	787, 1784	, ō	13.06
1	Fuji Hvy. Inds. 3 2000 8/85	676	975 9m	* + 1½ • + 04	62.60 0.42
1	Fumacal Care 1 7	1320 1	05°. 106°.	+24	12.60



earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte—Date next coupon becomes effective. Spreed Margin above six-month offered rate (\$\frac{2}{2}\$ three-month; \$\frac{2}{2}\$ above six-month of U.S. C.c.p. = The current outpon.

Convertible Sender: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date—First date for conversion into shares. Cnv. prices Nominal amount of bond per share expressed in currency of share at conversion rate fixed at Issue. Prom = Percentage premium of the current effective price of sequiring shares via the bond over the most recent price of the shares.

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All of these Warrants have been offered outside the United States and may not at anytime This announcement appears as a matter of record only.

New Issue / March, 1986

Phibro-Salomon Inc

Treasury Note Calls

250,000 Warrants to Purchase 8%% U.S. Treasury Notes due February 15, 1996

> Each Warrant entitles the holder thereof to purchase \$1,000 in principal amount of 8%% United States Treasury Notes due February 15, 1996.

Treasury Bond Calls

250,000 Warrants to Purchase 9%% U.S. Treasury Bonds due February 15, 2006

> Each Warrant entitles the holder thereof to purchase \$1,000 in principal amount of 9%% United States Treasury Bonds due February 15, 2006.

Salomon Brothers International Limited

LONDON: One Angel Court, London, EC2R 7HS, England NEW YORK: Salomon Brothers Inc., One New York Plaza, New York, NY 10004 TOKYO: Salomon Brothers Asia Limited, Fukoku Selmei Bldg., 2-2 Uchisaiwal-cho, 2-chome Chiyoda-ku, Tokyo 100, Japan ZURICH: Salomon Brothers Inc, Stadelhoferstrasse 22, 8024 Zurich, Switzerland

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level of liquidity.

payment will be made in Sterling.

buyback of bayback of buyback of

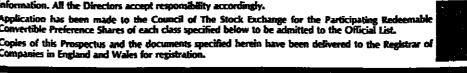
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This document includes particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Charterhouse Currency Funds Limited (the "Fund"). The Directors of the Fund whose names appear below are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure flast such is the case, the information contained in this vent is in accordance with the facts and does not omit anything likely to affect the import of such

information. All the Directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the Participating Rede Convertible Preference Shares of each class specified below to be admitted to the Official List. Copies of this Prospectus and the documents specified herein have been delivered to the Registrar of



CHARTERHOUSE CURRENCY FUNDS LIMITED

A company registered with limited liability in Jersey on 31st January 1986 under the provisions of the Companies (Jersey) Laws 1861 to 1968 and having an authorised share capital of US\$500,100. Initial Offer for subscription of up to 50,000,000 Participating Redeemable Convertible Preference Shares of US 1 cent each ("Participating Shares") of the following classes and at the following prices payable in full on application:-

Class of Participating Share

Sterling US Dollars Deutschemarks **Swiss Francs**

Price per Share £10 US\$15 **DM 40**

SFr30

Management fee:

Investment Adviser's fee: Secretary and Registrar's fee: **Class of Participating Share** French Francs Japanese Yen **European Currency Units (ECUs)** at a price equivalent to

FFr 100 Yen 3,000 **ECU 20**



Principal Features

Charterhouse Currency Funds Limited is an open-ended investment company registered in Jersey and will be managed on a day-to-day basis in Jersey by Charterhouse Japhet Currency Management Limited (the "Manager").

The objectives of the Fund will be to enable investors to deploy liquid funds in the currency of their choice in a manner that will combine:-

A high degree of capital protection
 Ready availability of funds through rapid redemption

Ability to convert from one currency to another with the minimum of delay and expense interest advantages of dealing in large amounts

Advantages of professional cash manage Share Classes and Currency Funds

Investors may subscribe for Participating Shares designated in the following currency classes:-

Sterling United States Dollars Japanese Yen Deutschemarks Swiss Francs French Francs

European Currency Units (ECUs are explained in Appendix B) Each class of Share will be linked to a fund of assets known as a "Currency Fund". Each Currency Fund will be denominated in the currency of the corresponding Participating Shares. Investment in the Participating Shares will enable investors to keep their cash reserves in the currency of their

Participating Shares will be in inscribed form, their ownership being recorded simply by entry in the share register. Each investor will be allocated a Personal Security Number which must be quoted in all communications.

Dealings will take place every day (except Saturdays) on which Banks in Jersey are open for business. The Manager will value Participating Shares and arrange for their issue, conversion and redemption on each of those days. Further details including particulars of effective dates of transactions and settlement dates, appear under Organisation.

Speed of Dealing

Investors will be able to redeem or convert their Participating Shares without delay merely by a telex message or a telephone call to the Manager. The Settlement Day will normally be the second working day after the Dealing Day on which a redemption or conversion is effected.

Participating Shares will be allotted and redeemed at prices calculated by reference to the value of the net assets of the relative Currency Fund. Normally there will be a single price for issues and mptions of Participating Shares.

It is intended that at least 85 per cent of the net income of the Fund, after deduction of expenses, attributable to each class of Participating Shares, will be paid out.

Objective

It is the intention of the Directors to obtain for each Currency Fund as high a rate of return as is consistent; with a prudent investment policy directed to the preservation of principal and maintenance of liquidity. The investment policy described in this Prospectus will be adhered to for at least three years following the listing of the Participating Shares.

It is intended that funds will be placed, for the most part, in the euro currency markets. Domestic

The assets of each Currency Fund will consist of bank deposits and other short-term negotiable money market securities denominated in the appropriate currency. However investments payable in other currencies may be acquired provided that a forward currency sale of the principal amount of the investment plus the expected income to maturity is effected in order to eliminate the currency

Funds will be deposited with banks (including members of The Royal Bank of Scotland Group of which the Manager is a member) either at short notice or for fixed terms not exceeding twelve

which the Manager is a memoeri either at short notice or for fixed terms not exceeding twelve months. Certificates of Deposit ("CDs"), notes and bank bills may also be acquired with maturities not later than twelve months after their date of acquisition. These investments may be acquired directly or through the secondary markets. Funds will only be placed with major banks considered first class by the Directors and the Manager. Such funds may be placed either as deposits, or used

trist class by the Directors and the Manager. Such turies may be placed either as deposits, or used to purchase notes and bills issued or accepted by such banks. The Directors have established investment restrictions which are designed to secure an adequate spread of investments and to ensure that the institutions with which funds are placed or in which investments have been made are of a high credit standing. The Manager and its associates are permitted to dispose of investments to and to acquire investments from the Fund and to act as an intermediary in such acquisitions and disposals on the terms set out therein. Further details appear in Appendix 8.

The Directors will aim to make deposits or acquire CDs, notes or bank bills from which the income is receivable free of any form of withholding tax. It will be the general policy of the Directors to hold the Fund's investments to maturity, except in cases where the Manager shall consider it advisable to realise securities earlier, either on investment grounds or to maintain an appropriate

It is intended that at least 20 per cent, of the value of the assets in each Currency Fund will be available at call or on two days' notice. If that percentage is reduced, for example as the result of redemption or conversion of Participating Shares, it will be restored as soon as circumstances permit.

Borrowing

The Fund has the power to borrow, but the Directors intend that it should do so only in order to meet redemptions and not to finance any new investments. The Fund's total borrowings may not exceed in aggregate one quarter of Share Capital and Consolidated Reserves (as defined in the

Articles of Association) for the time being of the Fund and, in respect of any particular Currency Fund may not exceed nine-fortieths of the net assets of that Fund.

Dividend Policy

It is intended that at least 85 per cent. of the net income in each class of Participating Share will be paid as a dividend on the last business day in June and December in each year and that, in any event, an appropriate level of distributions will be made in order to meet the requirements for "distributor" status under the Finance Act 1984 of the United Kingdom. Subject to the requirements of the Finance Act 1984, dividends will only be paid to the extent that they are covered by income received from underlying investments.

The first dividend will be paid on 30th June, 1986. Investors may elect on the application form to have dividends due to them re-invested in further Participating Shares.

To comply with the requirements of The Japanese Ministry of Finance, dividends payable to holders

of Japanese Yen Class Participating Shares will not be payable in Yen. Investors may request payment in any other major freely convertible Currency. In the absence of prior instructions to the contrary,

Organisation

Form of Participating Shares

Participating Shares will be in inscribed torm, their ownership being recorded simply by entry in the share register. No share certificates will be issued. A Personal Security Number, which must

be quoted in all communications, will be allocated to each investor and will appear on the contract

tovestors are required to specify a bank account to which the proceeds of redemption will be paid, the relevant instructions ("Standing Redemption Payment Instructions") being given to the Manager at the time when Participating Shares are acquired. Any subsequent alteration of such instructions must be in writing, with the signature of the investor certified by a bank or a member firm of a major stock exchange ("Certified Signature").

note confirming his investments, conversions and redemptions.

Investment Policy

money markets may also be used if there are yield advantages from doing so.

Manager and Investment Adviser

The Fund will be managed by Charterhouse Japhet Currency Management Limited and investment advice will be provided by Charterhouse Japhet (Jersey) Limited.

Fees will be levied in relation to the net asset value of the relevant Currency Fund. No initial charge will be levied in respect of the classes of Participating Shares offered under this Prospectus. Sterling class - 0.50 per cent. per annum.

Other classes - 0.75 per cent. per annum. At the annual rate of 0.10 per cent. on the first £10 million (or equivalent), in each currency class, 0.01 per cent. thereafter. Custodian's fee:

Full details of Fees are set out under Fees and Expenses.

Taxation

It is the intention of the Directors that the Fund shall incur no tax on its income and shall qualify for certification for "distributor" status under the Finance Act 1984 of the United Kingdom. Further

The above summary should be read in conjunction with the remainder of this document.

No person receiving a copy of this Prospectus and/or an application form in any territory other than the United Kingdom may treat the same as constituting an invitation to him nor should he in any event use such form unless in the relevant territory such an invitation could lawfully be made to him or such form could lawfully be used without compliance with any registration or other legal requirements. Any person outside the United Kingdom wishing to make an application hereunder should satisfy himself as to the observance of the laws of any relevant territory including obtaining any requisite governmental or other consents or observing any other requisite formali

Participating Shares of the Fund are offered on the basis of the information and representations

The consents of the United Kingdom Treasury and of the Finance and Economics Committee of

The Participating Shares of the Fund have not been and will not be registered under the United States Securities Act of 1933 and the Fund has not been and will not be registered under the United States Investment Company Act of 1940. Accordingly, the Participating Shares may not be offered or sold directly or indirectly in the United States (which term includes its territories, possessions and all areas subject to its jurisdiction) or to nationals or residents thereof (including the estate of any such person and any corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof) except pursuant to an exemption-from the registration requirements of the United States Securities Act of 1933.

0.10 per cent, per annum

£1 per registered shareholding of any class

contained in this Prospectus and any further information given or representations made by any dealer, salesman or other person must be regarded as unauthorised.

the States of Jersey for the issue of the Participating Shares in the Find have been obtained in compliance with the order made under Section 1 of the Borrowing (Control and Guarantees) Act 1946 of Great Britain and the Control of Borrowing (Jersey) Order 1958 (as amended) respectively. It must be distinctly understood that in giving these consents neither the Treasury nor the Finance and Economics Committee take any responsibility for the financial soundness of any schemes or for the correctness of any statements made or opinions expressed with regard to them.

This Prospectus does not constitute an offer of Participating Shares for subscription after 14th March, 1986.

Administration

Directors

Lawrence de Villamil Wragg, (Chairman), Director, Charterhouse Japhet plc, 1 Paternoster Row, St. Pauls, London EC4M 7DH.

Armand Azoulai, (French), General Manager,
Charterhouse Japhet (Suisse) S.A., 40 Rue du Rhône, 1211 Geneva II, Switzerland. Clive Aubrey Charles Chaplin, Solicitor of the Royal Court, Jersey and of the Supreme Court. England and Wales, Partner, Michael Voisin & Co., Templar House, Don Road, St. Helier, Jersey.

John Charles McGuire, Manager, The Royal Bank of Scotland A.G., Talstrasse 82, Zurich, Switzerland. John Stanley Wetherall, Managing Director & Chief Executive, Charterhouse Japhet (Jersey) Limited, 22 Hill Street, St. Helier, Jersey-

Registered Office

Charterhouse Building, Bath Street, St. Helier, Jersey.

Secretary, Registrar and Manager

Charterhouse Japhet Currency Management Limited, P.O. Box 189, St. Helier, Jersey, Telephone Jersey (0534) 74689, Telex United Kingdom 4192258 (CICM JY), Telefax Jersey (0534) 79040.

Directors of the Manager
J.S. Wetherall, (Chairman), C.A.C. Chaplin, H.B. Coppard, M.G. Jordan (Mrs), A. Padidar,
C.A.S. Wilson (Mrs), L. de V. Wragg.

Arthur Young, Chartered Accountants, Ordnance House, 31 Pier Road, St. Helier, Jersey.

Custodian

National Westminster Jersey Trust Company Limited, P.O. Box 6, 23-25 Broad Street, St. Helier, Jersey.

Investment Advise

Charterhouse Japhet (Jersey) Limited, 22 Hill Street, St. Helier, Jersey. Stockbrokers

Capel-Cure Myers, 65 Holborn Viaduct, London EC1A 2EU.

Legal Advisers In Jersey

Michael Voisin & Co., Templar House, Don Road, St. Helier, Jersey. In England

Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA. Principal Banker to the Fund

Charterhouse Japhet (Jersey) Limited, 22 Hill Street, St. Helier, Jersey.

Procedure for Application, Redemption and Conversion

Application

The Manager will issue Participating Shares, in response to applications received pursuant to the initial offer and thereafter on any Dealing Day. Applications should be made either by telex or on the Application Form provided. Payment (see below) can be made by telex transfer, cheque or banker's draft. The Manager may accept or reject applications in whole or in part, in which case application monies, or any balance thereof, will be returned to applicants by post at their risk. The minimum initial investment for each currency class will be £1,000, or the foreign currency

Method of Applying

Applications may be made either by using the Application Form at the end of this Prospectus or by a telex message. Telex applications should be worded as follows and include all the information mentioned in parentheses:-

To: Charterhouse Japhet Currency Management Limited

Telex No: (UK) 4192258 (CJCMJY)

I/We hereby apply to invest [amount and currency] in participating shares of the (share currency)

Charterhouse Currency Funds Limited subject to the terms of the Prospectus dated 5th March, 1986 and the Memorandum and Articles of Association.

I/We have instructed my/our Bank to telex that sum to Iname of Correspondent Bank I. for account of Charterhouse Japhet (Jersey) Limited sub-account CJCW/CCF on fdate of transfer). Please register the Participating Shares in my/our name(s). I/We hereby instruct you to pay the proceeds of redemption of any Participating Shares of any class now or hereafter registered in my/our name(s) only to [Name and address of your bank, and your account number].

class in

I/We hereby declare that for taxalion purposes I am/we are not resident in the Island of Jersey, and I am/we are not acquiring the Participating Shares as the nominee of any person resident in Jersey. [If you are unable to make the above residential declaration, please omit it.] I/We further hereby declare that the Participating Shares are not being acquired directly or indirectly by a US Person as defined in the Prospectus save in a transaction which does not contravene United States Securities Laws nor in violation of any applicable law.

[Your telephone number] [Your telex number] Note: the contract note in respect of this transaction will be sent to the address above

(A) Payment of Dividends

If the hereby authorise and request you to remit all dividends together with all income distributions which may from time to time become payable to me/us as follows:-

(11 Pay in accordance with my/our Standing Redemption Payment Instructions (shown above); or (2). Pay by cheque/banker's draft to the first named registered holder

Please arrange for dividends arising on my Yen class shares to be paid in accordance with either 1 Or 2 [delete whichever number is not appropriate] in ___ istate currency in which payment is required

Yen class shareholders should refer to Dividend Policy if in doubt. or (B) Reinvestment of Dividends I/We hereby authorise you to make arrangements to reinvest all dividends arising on my/our holding

of Participating Shares into further Participating Shares, in the same currency class as such dividends are payable. (Include either (A) or (B) as applicable)

Payment and Basis of Allotmen

Participating Shares of any Currency class will be allotted to applicants on the relevant Settlement Day by reference to projected net asset values (see Appendix A). Payments can be made in any major freely-convertible currency. In order to comply with the requirements of the Ministry of Finance in Japan, subscription and redemption moneys relating to the Japanese Yen class of Participating Shares cannot be paid in Yen but must be paid in some other major Freely-convertible currency. The choice of currency is at the discretion of the investor.

Where payment is made in the currency of the class of Participating Shares applied for, the relevant Settlement Day will be the day on which the payment is received by the appropriate Correspondent Bank or, if payment is by cheque or banker's draft, the day on which such cheque/draft is cleared.

Where payment is made in a currency other than that of the class of Participating Shares applied for, the relevant Settlement Day will be the value date for the foreign exchange transaction necessary to convert the payment received to the currency required. Such value date will normally be two business days after the day on which the Manager receives advice either (a) from a Correspondent Bank that the payment has been received, or (b) that the relevant cheque/draft has been cleared. Such foreign exchange transactions will be effected at the risk and expense of applicants.

Telex Transfers

Payment by telex transfer must be to the appropriate Correspondent Bank for the currency concerned, as shown in the Application Form at the end of this Prospectus. The accompanying telex message from the applicant's bank to the Correspondent Bank concerned must state the applicant's name and make reference to Charterhouse Currency Funds Limited.

Cheques and Banker's Drafts

Payment accompanying an application made on the printed Application Form may also be by cheque or banker's draft sent and made payable to Charterhouse Japhet Currency Management Limited. Cheques may only be drawn in Sterling and must be drawn on a bank in the United Kingdom. However, banker's drafts may be drawn in any major freely-convertible currency.

The proceeds of cleared cheques and drafts, converted as may be necessary to the currency of the Participating Shares applied for, will form the basis of the allotment of Participating Shares as set

Speed of Dealing

The inscribed form of Participating Shares, combined with the Standing Redemption Payment Instructions, will enable the Manager to act without delay upon instructions received by telex or

National Westminster Jersey Trust Company Limited (the "Custodian"), a company incorporated and resident in Jersey and a wholly-owned subsidiary of National Westminster Bank PLC, has been appointed as Custodian of the assets of the Fund, which will be held by the Custodian or to the Custodian's order.

Particulars of the fees payable to the Custodian and further details of the Custodian Agreement are set out under Principal Features and in Appendix B respectively.

Charterhouse Japhet Currency Management Limited (the "Manager") has been appointed as Manager of the Fund and will be responsible to the Directors for the Fund's day-to-day management and administration and for the implementation of investment policy in accordance with the

The Manager is a subsidiary of Charterhouse Japhet (Jersey) Limited, itself a subsidiary of Charterhouse Japhet plc. The latter's ultimate holding company is The Royal Bank of Scotland Group plc. Both the Manager and Charterhouse Japhet (Jersey) Limited are incorporated and resident in Jersey. The Royal Bank of Scotland Group plc and Charterhouse Japhet plc are incorporated and

Investment Advis

Charterhouse Japhet (Jersey) Limited has been appointed as Investment Adviser to the Fund and

ratings of banks with whom investments are to be made. Particulars of the fees payable to the Investment Adviser and further details of the Investment

Dealing Arrangements

The subscription lists in respect of the initial offer for subscription will open at 10.00 a.m. in Jersey on 14th March, 1986 and will close at 4.00 p.m. in Jersey on that day. Settlement will be due on or before 14th March, 1986 and, provided that settlement has been effected, initial allotments of Participating Shares will be made on that day. It is expected that dealings on The Stock Exchange will commence on 17th March, 1986.

A Dealing Day of the Fund is each day (except Saturdays) on which Banks in Jersey are open for business, the first Dealing Day being 17th March, 1986. On each such day the Manager will determine the prices of Participating Shares of each currency class, being their net asset value based on the projected net asset value of the related Currency Fund two or three business days thereafter and, if so requested in the prescribed manner, will arrange for the issue, conversion or redemption of

To conform with the accepted practice in the foreign exchange and eurocurrency markets, the Settlement Day for redemptions and conversions of Participating Shares will be the second business day after the Dealing Day on which the relevant instructions are received by the Manager, or if that should not be a business day in a place in which any related payment is to be made, the next following day which is a business day in such place. Subject to receipt of a valid application, the Settlement Day for issues of Participating Shares will be the day on which payment is received and is available for investment in the relevant Currency Fund. Conversions and redemptions will take effect on the relative Settlement Day.

The valuation of any class of Participating Shares may be suspended by the Manager during a period when dealing in a relevant market is restricted or when other circumstances exist which in the

Fractions of Participating Shares to three decimal places will be allotted and recorded in the register. Such fractional Participating Shares will have the same rights as whole Participating Shares save that they will have no voting rights.

Investors may transfer Participating Shares to another party by giving written instructions, signed with their Certified Signature, to the Manager. All transferees will, in any event, be required to give the Manager their Standing Redemption Payment Instructions in writing.

Fractional Entitlements

telephone to redeem or convert Participating Shares.

Manager

Instructions of the Directors. The Manager has acted as Manager to Central Assets Currency Funds Limited since its inception in 1975.

Particulars of the Fees payable to the Manager and further details of the Management Agreement are set out under Principal Features and in Appendix B respectively.

will provide continuing advice on the deployment of the assets of the Fund. Such advice will include, inter alla, recommendations in respect of each Currency Fund regarding the general balance of the portfolio, the types of investment to be acquired, the length of time to their maturity and the credit

Advisory Agreement are set out under Principal Features and in Appendix B respectively.

Dealing Days

ence on 17th March, 1986.

of the Financial Times.

After the initial offer the prices at which Participating Shares of each class will be allotted and redeemed will be calculated on each Dealing Day.

Settlement Days

Valuation Method Full particulars of the method of valuation are set out in the Articles of Association, copies of which are obtainable from the Manager, and further details appear in Appendix A.

Prices for each class of Participating Shares will appear daily in the "Offshore and Overseas" section Suspension of Valuations

opinion of the Manager make it impracticable to dispose of or value fairly any of the assets of the related Currency Fund. No Participating Shares of the class affected will be issued, converted or redeemed while their valuation is suspended. Redemption or conversion requests may be withdrawn during a period of suspension and, if not withdrawn, will be dealt with on the Dealing Day following the end of the suspension. The Directors of the Fund will use their best endeavours to cause notice of such suspension to be placed in the Financial Times, London, and such other newspapers as

CHARTERHOUSE CURRENCY FUNDS LIMITED

An applicant wishing his Participating Shares to be registered in the name of a bank or other nominee must arrange for such nominee to apply and to give the appropriate Standing Redemption Payment Instructions on his behalf.

Investors may convert all or part of their holding of Participating Shares of one Currency class into Participating Shares of another Currency class on any Dealing Day by so instructing the Manager. The right to convert will be dependent on the Fund having sufficient available authorised but unissued share capital to implement the conversion.

Conversion instructions may be given to the Manager by telex, telephone or letter, quoting the relevant Personal Security Number. If the instructions are received at or before mid-day in Jersey on a Dealing Day, the conversion ratio will be based upon: (a) the exchange rate between the relevant currencies as at or about mid-day on that day, and (b) the Participating Share prices applicable to the relevant Settlement Day, determined as set out under "Valuation Method". Where instructions are received after mid-day in Jersey they will be treated as having been received before mid-day on

No charges will be levied by the Fund or the Manager on conversions.

A telex message to the Manager giving instructions to convert Participating Shares should be worded

Telex No: (UK) 4192258 (CICMJY)

I:\Ve [Your name(s)]

Personal Security Number [insert vour Personal Security Number] wish to convert [number to

3 decimal places) Participating Shares of the [existing share currency] class to Participating Shares of the (new share currency) class in Charterhouse Currency Funds Limited.

On the Settlement Day the value of the converted Participating Shares will be transferred from one

Instructions to redeem any amount of Participating Shares of any Currency class will be accepted by the Manager on any Dealing Day. Instructions may be given by telex, telephone or letter, in each case quoting the relevant Personal Security Number, and must specify the currency in which redemption proceeds are to be paid. Redemption proceeds of Participating Shares of the Japanese Yen class cannot be paid in Japanese Yen.

The Fund is not bound to redeem on any Dealing Day more than one fifth of the number of Participating Shares of any Currency class then in issue. In these circumstances the number redeemed may be scaled down to ensure that the foregoing limit is not exceeded and the balance thereof shall be carried forward for redemption to the next Dealing Day and so on until such redemption is complete.

If the instructions are received (a) at or before mid-day in Jersey, the Share price and the Settlement Day will be those applicable to that Dealing Day; or

(b) after mid-day in Jersey, the Share price and the Settlement Day will be those applicable to the

A telex message to the Manager giving instructions to redeem Participating Shares should be worded as follows:-

Telex No: (UK) 4192258 (CJCM)Y)

I/We (Your name(s))

Personal Security Number [insert your Personal Security Number] wish to redeem [number to

3 decimal places) Participating Shares of the [share currency] class in Charterhouse Currency Funds Limited, for payment in [payment currency required]

In the absence of an indication given by the applicant when requesting redemption or conversion of part of a holding of Participating Shares acquired at different points in time, for the purposes of determining the amount of accrued income and entitlement to equalisation payments on redemption or conversion of Participating Shares, the Manager will assume that the first Participating Shares acquired are the first to be sold, or converted as the case may be.

Payment of Redemption Proceeds

Proceeds from Participating Share redemptions will be paid on the appropriate Settlement Day to the bank and for the account designated by the investor in his Standing Redemption Payment

Redemption proceeds may be paid at the investor's request in any major freely-convertible currency and currency conversions will be effected at the risk and expense of the investor.

Unless the investor previously requests otherwise (in a request supported by a Certified Signature): (a) Redemption proceeds will, whenever possible, automatically be paid by telex transfer in accordance with the Standing Redemption Payment Instructions. The charges for the telex

transfer will be deducted from the redemption proceeds. Use of telex transfer means that cleared funds will normally be transferred to the investor's

bank account specified in the Standing Redemption Payment Instructions on the Settlement

(b) In the case of Sterling amounts, redemption proceeds of less than £10,000 will be paid by a bank giro or mail transfer or draft in accordance with the Standing Redemption Payment Instructions. There will be no charges payable for such payments, and at least three business days should be allowed after the Settlement Date for cleared funds to be credited to the investor's bank account.

(c) If banking procedures for the currency concerned at the relevant time do not permit pa by telex transfer, payment will be made by mail transfer or draft.

If an investor has omitted to provide Standing Redemption Payment Instructions, redemption instructions will not be processed until the Manager receives a written redemption request with a

Speed of Dealing

In view of the importance of speed, investors are strongly recommended to make both application and payment for Participating Shares by telex. For the same reason, instructions to redeem or convert Participating Shares should be given by telex or telephone: this, in conjunction with the use of an inscribed form of share (see under Organisation), will enable investors to withdraw their when they may be needed for another purpose, or to move from one currency to another within the structure of the Fund with the minimum of delay.

Contract Notes

(a) Issues - Since the appropriate "answerback" is prima facie evidence that a telex message has been sent and received, the Manager will not otherwise acknowledge receipt of a telexed application for Participating Shares. A written application received through the post will be acknowledged, if requested. Subject to the receipt of an application in valid form the Manager will send a contract note on the day on which it is notified of the receipt of payment by the appropriate Correspondent Bank, or as soon as practicable thereafter.

(b) Redemptions and Conversions - Contract Notes in respect of redemptions and conversions will be sent on the day on which the instructions are received and acted upon, or as soon as practicable

Further authentication and documentation may be required from investors who are companies,

Neither the Fund, the Manager, the Custodian nor any Correspondent Bank can be held liable for any delay in issuing Participating Shares, In settlement for redemptions or in effecting conversions, which result from any breakdown of the means of communication affecting the relevant transaction, from a suspension (in accordance with the Articles of Association) of the determination of net asset value or by reason of any error committed in good faith.

Tax Considerations

The Fund

The Fund will not be resident in Jersey for taxation purposes and therefore will not be liable to tax In Jersey on its non-Jersey source income. By concession it will not be charged to tax in Jersey on deposit interest arising in Jersey. The Fund expects to pay only Corporation Tax in Jersey, currently levied at a flat rate of £300 per annum.

incorporation and Stamp Duty fees in Jersey on incorporation of the Fund amounted to approximately £1,800. An annual filling fee is payable each year by the Fund in Jersey at a rate, currently of £100. There are no exchange control regulations in force in Jersey as at the date of

It is the intention of the Directors that the control and management of the Fund will be exercised, so far as practicable, in such a way that the Fund will not be resident in the United Kingdom and that it will avoid taxation in any country, including those countries in whose currencies the different classes of Participating Shares are designated.

It is anticipated that investors in the Fund will be resident for tax purposes in a variety of jurisdictions. Consequently, apart from the information set out below in relation to United Kingdom and Jersey investors, this Prospectus does not consider the taxation position of investors. All investors should consult their own professional advisers on the taxation and exchange control

implications of their acquiring, holding, selling, converting or redeeming Participating Shares under the laws of the jurisdiction to which they are subject.

The following information relates only to United Kingdom and Jersey taxation and summarises the position at the date of this prospectus.

Clearance has been obtained from the Board of Inland Revenue under section 464 of the Income and Corporation Taxes Act 1970 (the "Act") that the provisions of section 460 of the Act (cancellatio of tax advantages from certain transactions in securities) will not apply to the issue, transfer or redemption of Participating Shares or the conversion of Participating Shares of any currency class into Participating Shares of another currency class tother than transfers to companies in which the transferor has a substantial interest).

Dividends received by United Kingdom taxpayers will, dependant on personal circumstances, be subject to tax as income. Where Participating Shares are acquired other than at the beginning of an accounting period the first distribution will benefit from the inclusion of a refund of capital not subject to tax as income reterred to as an "equalisation" payment. The amount of the equalisation payment must be deducted from the original purchase cost of Participating Shares in computing the allowable cost for capital gains purposes. A relatively small portion of the proceeds of a disposal representing the element of income applicable to the Participating Shares which has accrued since the last distribution date, or since acquisition if later, will be taxed as income. This is the corollary to the tax relief noted above available to United Kingdom investors on receipt of the first distribution

on Participating Shares. Similarly, on conversion of Participating Shares from one currency class to another, which should not constitute disposal of the Participating Shares converted for the purposes of United Kingdom taxation of capital gains, the amount of undistributed income of the period in which the conversion takes place applicable to the value of the Participating Shares previously held will be liable to tax as income and will reduce the capital gain on the ultimate disposal of the investment notwithstanding that no monetary payment will be received.

The Finance Act 1984 of the United Kingdom contains provisions by which United Kingdom taxpayers holding interests in certain offshore funds may be charged to tax on gains arising from the disposals of those interests at rates applicable to income. These provisions will not apply to the major part of such gains where a fund qualifies for "distributor" status which involves adequate distribution of its income for each accounting period and places limitations on its holdings of investments. Since the Fund proposes to distribute at least 85 per cent of its income and will endeavour to meet with the other requirements for "distributor" status, the Directors anticipate that, except as mentioned below, gains on disposals of Participating Shares, including currency gains, will constitute capital gains and not income unless the investor is a dealer in securities.

However, although the Directors will take all steps that are practicable to ensure that "distributor" status is obtained it must be appreciated that this cannot be guaranteed and that the exact conditions which must be fulfilled and what may be regarded as income of the Company for UK tax purposes may be affected by Inland Revenue practice or by subsequent changes to the legislation itself.

The Manager will provide the necessary information on the income element and currency rates to be used by United Kingdom investors for the purposes of computing United Kingdom tax liability on

The Finance Act 1984 contains further provisions which may subject certain United Kingdom resident companies to corporation tax on the profits of companies not so resident ("controlled foreign companies") in which they have an interest of at least 10 per cent. It is proposed that the Fund shall distribute at least 85 per cent. of its income, and it is considered unlikely that this legislation would materially affect any United Kingdom resident company even if it held 10 per cent. of the Fund's share capital and the Fund was controlled in the United Kingdom.

The attention of individuals ordinarily resident in the United Kingdom is drawn to section 478 of the Act and to section 45 of the Finance Act 1981 which may render them liable to taxation in respect of the undistributed income and profits of the Fund.

Jersey Income Tax will not be deducted from any dividends or other distributions paid to investors who are not resident in Jersey for the purposes of Jersey Income Tax. Investors who are resident in Jersey for the purposes of Jersey Income Tax will receive dividends after deduction of Jersey Income Tax (currently at the rate of 20 per cent.). The Manager has undertaken to the Comptroller of Income Tax in Jersey to account for the tax so deducted.

As is the case with any investment, no assurance can be given that the tax position prevailing at the time an investment in the Fund is made will remain as stated above.

Fees and Expenses

(a) The Manager - The agreement between the Fund and the Manager provides for the Manager to receive from the Fund, for its services as Manager, a fee at an annual rate not exceeding 1 per cent. of the net asset value of each Currency Fund. The Manager has agreed, for the time being, to restrict its fee to 0.50 per cent. per annum of the net asset value of the Sterling Currency Fund, and to 0.75 per cent. per annum of the net asset value of the other Currency Funds. The Manager may exercise its right to increase that percentage up to 1 per cent. by giving not less than thirty days' notice to the Fund of its intention to do so. Investors will be advised by the Fund as soon as practicable after any such notice has been received. For its services as Secretary and Registrar, the Manager is entitled to receive a fee from the Fund of £1 per shareholding in each Currency Fund per month, calculated on the number of shareholdings on the register on the last Dealing Day of each month.

The Manager may, at its discretion, pay commission out of its management fee to agents

Although entitled to do so under the Articles, the Manager does not propose at present to make any initial charge in relation to issues or conversions of Participating Shares. In the event of an initial charge being introduced at any time in the future, investors will be given not less than thirty days' notice of its introduction.

(b) The Custodian - The agreement between the Fund and the Custodian provides for the latter to receive from the Fund a fee at the annual rate of 0.10 per cent. of the net asset value of each Currency Fund on the first £10 million (or its equivalent) and 0.01 per cent. per annum thereafter. If the aggregate amount payable by the Fund in any financial year of the Fund is less than £12,500 (pro rata for any period longer or shorter than three hundred and sixty five days) the Manager will pay any shortfall. These fees are to be reviewed on 1st April 1987 and every second year thereafter such reviews to be effective from 1st July in that year.

(c) The Investment Adviser - The agreement between the Fund and the Investment Adviser provides for the latter to receive from the Fund a fee at an annual rate of 0.10 per cent. of the net asset value

(d) General - The fees of the Manager, the Custodian and the Investment Adviser accrue on a daily basis and are payable quarterly in arrears.

Listing and Organisation Expen

The preliminary expenses of the Fund, the expenses of the Initial Issue (including the application to The Stock Exchange for listing) and general advertising in the three months following the close of this offer, are estimated to amount in total to approximately £260,000. These fees are payable by the Fund and will be capitalised and amortised over the five financial years of the Fund beginning on 1st July, 1986 or such longer period as shall reduce the annual charge to an amount which will enable the Fund to make the requisite distributions to obtain certification under the Finance Act 1984.

General Expenses

In addition to the charges mentioned above, the Fund will bear its own administrative costs including the fees of the Directors and Auditors, legal and accountancy fees, and all other operating costs, such expenses together with the amortisation of listing and preliminary expenses being apportloned between the Currency Funds in the manner described herein.

General

Stock Exchange Dealings Participating Shares of each currency class may be bought or sold on The Stock Exchange, London, subject to prevailing rates of brokerage commission, UK Stamp Duty and relevant levies.

Reports and Audited Accounts

The Fund's financial year ends on 30th June. Annual audited accounts of the Fund, together with audited revenue accounts and balance sheet of each Currency Fund, will be prepared and posted by 15th September in each year or as soon as practicable thereafter to all investors at their registered address. Half-yearly audited accounts of the Fund and audited revenue accounts and balance sheets of each Currency Fund to 31st December will be prepared on the same basis as the annual accounts and will normally be posted in February of each year. The first audited accounts in respect of the period from inception to the 30th June, 1986 will be posted to Shareholders on 15th September, 1986 or as soon as practicable thereafter.

Annual General Meetings of the Fund will be held in Jersey and are expected to be held on the third Friday in October in each year, the first such meeting to be held in October 1986 (or as soon as practicable thereafter). Notices of the Annual General Meeting will normally be included with the practicable thereafter). Notices of the Annual General Meeting will normally be included with the Annual Report and Accounts. Investors unable to attend in person may appoint one or more proxies, who need not be investors, to vote on their behalf.

Written notices to shareholders will be posted to the address shown in the register of shareholders. In the case of holdings in joint names, notices will be sent to the joint holder whose name stands first

Foreign Exchange Dealings

Dealings in the foreign exchange and euro currency markets will normally be carried out by Charterhouse Japhet (Jersey) Limited on the instructions of the Manager. Where such dealings are associated with issues, redemptions and conversions of Participating Shares, they will be effected on the basis of the relevant quotations at mid-day (Jersey time), or as close thereto as is practicable, on the Dealing Day on which the investor's instructions are received and acted upon. Dealings will only be carried out in major, freely-convertible currencies.

Compulsory Redemption and Conversion

If the aggregate net asset value of all the Currency Funds throughout a period of four consecutive weeks shall be less than the equivalent of US Dollars 5,000,000, the Directors of the Fund may give not less than three weeks' written notice of their intention to redeem all (but not some) of the outstanding Participating Shares of the Fund at their respective prices on a Dealing Day to be specified. Such notice is to be given within eight weeks of the expiry of the said four consecutiv

If the aggregate net asset value of a particular Currency Fund throughout a period of four consecutive weeks shall be less than the equivalent of US Dollars 100,000 (or such higher sum in relation to any Currency Fund as the Directors shall from time to time determine) the Directors may give (without prejudice to the investors' right to redeem) not less than three weeks' written notice of their intention to convert all (but not some) of the outstanding Participating Shares of the particular Currency class concerned on the basis prevailing on the Dealing Day on which the notice expires, such notice to be given within eight weeks of the expiry of such four consecutive weeks. Such notice will remind investors of their right to convert their Participating Shares into an alternative ncy class (if any is available) and of the alternative of voluntary redemption of their shareholding prior to the conversion by the Fund.

If the ECU shall no longer be used in the European Monetary System or shall cease to be freely available in the international inter-bank market then ECU Participating Shares will no longer be issued or redeemed. Existing ECU Participating Shares will be converted into shares of the Deutschemark class of shares having a value equivalent to the sum of the component currencies as of the date of the relevant event affecting the ECU. The Directors of the Fund may substitute some other arrangement if they consider, after consulting the Auditors, that in the circumstances such other arrangement is more equitable or desirable. In any event, investors who are affected will be given details of the action taken as soon as reasonably practicable.

All Participating Shares in issue on 31st December, 2086 (or if that is not a Dealing Day on the following Dealing Day) shall be redeemed at the prices prevailing on the relevant Dealing Day.

Appendix A: Corporate Structure and Articles of Association

Corporate Structure

The Fund was incorporated in Jersey on 31st January, 1986 under the provisions of The Companies (Jersey) Laws 1861 to 1968 (together the "Law") as Charterhouse Currency Funds Limited with an authorised share capital of US\$500,100 comprising 100 Management Shares of US\$1 each and 50,000,000 Unclassified Shares of US\$1cent each. The 100 Management Shares were subscribed in full

for cash at par by or on behalf of the Manager on 4th February, 1986. The Unclassified Shares are available for allotment as Participating Redeemable Convertible Preference Shares or as Nominal Shares. The constitution of the Fund is defined by its Memorandum and Articles of Association. The Articles of Association may be amended by a special resolution passed in accordance with the Law, involving a resolution passed by a two-thirds majority of those present at a General Meeting and subsequently confirmed by a simple majority of those present at a further General Meeting.

The Memorandum of Association of the Fund provides that its principal objects are to carry on business as an investment holding company. The objects of the Fund are set out in full in Clause 3 of the Memorandum of Association

Except for issues of Participating Redeemable Convertible Preference Shares ("Participating Shares") by reference to asset valuations and the issue of Nominal Shares as described herein, no material issue of shares will be made by the Fund following the initial offer either otherwise than to investors pro rata to existing holdings or so as effectively to alter control of the Fund without, in either case, prior approval of the Fund in General Meeting.

The principal rights attaching to the Fund's Management Shares, Participating Shares and Nominal Shares are set out below.

Management Shares

The Management Shares of US\$1 dollar each par value are not redeemable and in accordance with the Articles of Association are owned by the Manager or its nominees. The Management Shares carry no right to dividends, and, in a winding-up, rank for the return of their paid-up par value after the return of the par value paid up on the Participating Shares and the Nominal shares and without recourse to the assets comprised in any Currency Fund and without further rights of participation in surplus assets of the Fund. Management Shares exist solely so that, under Jersey law, the Participating Shares of US\$1 cent par value and the Nominal Shares of US\$1 cent par value. law, the Participating Shares of US\$1 cent par value and the Nominal Shares of US\$1 cent par value can be redeemable preference shares. Either at a General Meeting or a Class Meeting every holder is entitled, on a poll, to one vote in respect of each Management Share held.

Participating Shares

The Participating Shares, having a nominal value of USS1 cent each, may be issued in sub-classes designated in various currencies and the issue thereof has been sanctioned by a resolution of the Directors passed on 4th February, 1986. The Participating Shares are the only shares which will be issued to the public and which can be issued at a premium and all payments in excess of USS1 cent per share or the equivalent thereof will constitute premium.

The Participating Shares of each currency class are convertible into Participating Shares of any other

Investors in Participating Shares of each particular currency class are entitled to receive any dividends declared in respect of that class. In a winding-up the Participating Shares of each currency class rank:-(a) in priority to the Nominal Shares and the Management Shares, for the return of their paid-up USS1 cent par value as to which recourse will be had in the following manner:-

to the assets of the Currency Fund linked to the relevant class of Participating Shares;

to the assets of the Fund not comprised in any Currency Fund; and to the assets of the other Currency Funds, after payment of the par value of the Participating Shares linked to those Currency Funds, pro rata to the total value of the assets comprised in those Currency Funds;

(b) pari passu with all other Participating Shares of the same class for the balance of the surplus assets of the corresponding Currency Fund;

(c) pari passu with all other Participating Shares for the balance of surplus assets not comprised in any Currency Fund after payment of the par value in respect of the Management Shares and the Nominal

The liquidator has power to transfer assets to and from Currency Funds in the course of the windingup of the Fund in order to share the effective burden of creditors' claims against the Fund on an

Either at a General Meeting or a Class Meeting every holder is entitled, on a poll, to one vote for each Participating Share held.

An instrument of transfer of Participating Shares shall be in writing in any usual or common form in use in the United Kingdom or Jersey or in any other form approved by the Directors and shall be signed with the Certified Signature of the Transferor and accompanied by the Standing Redemption Payment Instructions of the transferee. Transfers of partly-paid shares must also be signed by the transferee. The Directors may decline to register transfers of shares which are partly paid, transfers of shares on which the Fund has a lien and transfers where the Directors have not been furnished with such declarations as they may reasonably require. The Participating Shares are in registered form.

Nominal Shares

The Nominal Shares of US\$1 cent each par value are redeemable preference shares and are issued for the purpose of providing funds for the redemption at par of the nominal value of Participating Shares. They can only be issued at par and, in practice, only to the Manager, and they carry no right to dividends. In a winding-up, they rank for return of their paid-up par value after the Participating Shares and in priority to the Management Shares, but have no rights to any further participation in the surplus assets of the Fund and no recourse to assets comprised in the Currency Funds. A holder is entitled, on a poll, to one vote in respect of the Nominal Shares held by him, irrespective of the

Valuation Method

To value the assets of each Currency Fund, deposits will be taken at their face value plus accrued interest. CDs and bills will be valued on a "straight line" basis, by which the difference between their cost and their value at maturity is divided by the number of days from acquisition to maturity and the appropriate sum is added day by day. If the foregoing bases of valuation are considered unrealistic the Directors of the Fund may value assets on some other basis. Assets attributable to the Fund generally trather than to an individual Currency Fund) will be apportioned pro rata to the net asset values between the Currency Funds (or on such other basis as the Directors of the Fund with the concurrence of the Auditors consider fair and reasonable). After deducting all known liabilities (liabilities attributable to the Fund generally rather than to an individual Currency Fund, being apportioned pro rata to net asset values between the Currency Funds or on such other basis as the Directors of the Fund with the concurrence of the Auditors consider fair and reasonable, and of shares being excluded) and appropriate allowances for Duties and Charges (as defined in the Articles of Association), the resultant figure, divided by the number of Participating Shares of the corresponding class then in Issue and rounded up to the nearest minimum unit of currency concerned* will be the price of these shares.

This basis of calculation will apply equally to issues, redemptions and conversions, save that (in the case of redemptions or conversions) any amount which the Directors consider just and equitable to reflect any cost of premature realisation of investments may be deducted from the redemption price.

* For this purpose, the minimum units of the currencies concerned will be: UK, one penny; USA, one cent: West Germany, one plennig; Switzerland, one centime; France, one centime; Japan, o For ECUs the minimum unit will be one-hundredth part of one ECU, expressed as ECU 0.01.

As an equalisation account will be operating in relation to each particular class of Participating Shares an equalisation payment will be included in the published issue price payable by an investor for Participating Shares issued otherwise than pursuant to the initial offer. An equalisation payment will be included in the first distribution, or if earlier, with the redemption proceeds receivable by

Participating Shares will be valued for the purpose of issues, redemptions and conversions on the faritipating shares will be valued for the purpose of issues, recemptions and conversions on the basis of the projected net asset value of each Currency Fund on the second or third Dealing Day following the date when the valuation is made. This enables the Manager to arrange payment for Participating Shares and, in respect of conversions, to transfer funds between the Currency Funds involved; this proceedure ensures that no investor is deprived of income on his holding for any period for which he is entitled to such income. The "straight line" method of valuation, combin with detailed knowledge of the portfolio of each Currency Fund, will assist the Manager to make

It should be noted that the price of Participating Shares (and the income therefrom) can go down as well as up. In particular the price of Participating Shares will decrease after a decision to pay a dividend (i.e. when the price is first quoted "ex dividend").

Articles of Association

In addition to the provisions summarised above, or referred to elsewhere herein, the Articles of Association of the Fund contain provisions, inter alla, to the following effect:-

(a) the rights attached to any class of share (unless otherwise provided by the terms of issue of the (a) the rights attached to any class of share (unless otherwise provided by the terms of issue of the shares of that class) may from time to time be altered or abrogated either whilst the Fund is a going concern or during or in contemplation of a winding-up with the consent in writing of the Shareholders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate General Meeting of the Shareholders of such shares on the register on the date on which notice of such separate General Meeting is given by a majority of three-fourths of the votes cast at such a meeting, but not otherwise and for such purposes the Directors may treat all the classes of Participating Shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes; any other case shall treat them as separate classes;

To every such separate General Meeting all the provisions of the Articles of Association relating to General Meetings or to proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two members at least holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such Shareholders a quorum as above defined is not present those Shareholders of shares of the class who are present shall be a quorum);

who are present snail be a quorum;;

(b) the rights attached to each class of Participating Share shall be deemed to be varied by the creation or issue of any shares (other than Participating Shares of any class) ranking pari passu or in priority to them as regards participation in the profits or assets of the Fund. Subject as aforesald the special rights conferred upon the Shareholders of any class of shares having preferential or other special rights shall, unless otherwise expressly provided by the conditions of issue of such shares be deemed not to be varied by, inter alia, the creation allotment or issue of further shares ranking part passu with such shares, the creation allotment or issue or, where applicable, redemption or conversion of Management Shares. Unclassified Shares or Nominal Shares or the conversion of or conversion of Management Shares, Unclassified Shares or Nominal Shares or the conversion of Participating Shares of any class to Participating Shares of any other class. Further such rights shall be deemed not varied by the exercise of the Directors' discretion to attribute any asset or liabilities of the Fund between Currency Funds in accordance with the Articles of Association or the liquidator's power to transfer assets between Currency Funds as indicated above;

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(c) the Fund may by Special Resolution increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, sub-divide its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person. Subject to the provisions of the Law, the Fund may by Special Resolution reduce its share capital in any way;

(d) the Directors may exercise the borrowing powers of the Fund but borrowings of the Fund and its subsidiaries (if any) shall not, except with the consent of the Fund in General Meeting, exceed the aggregate of one quarter of the issued share capital and consolidated capital and revenue reserves of ed (as defined in the Articles of Association). Further, the Directors shall restrict the borrowings relating to any Currency Fund so as to ensure that the aggregate amount for the time being treated as remaining undischarged of all montes treated as borrowed by a Currency Fund shall not, except with the consent of a resolution passed by a majority of the holders for the time being of Participating Shares present or represented by proxy at a meeting of the relevant class of Participating Shares,

exceed nine-fortieths of the net asset value of that Currency Fund; (e) a Director may act in a professional capacity for the Fund (other than as Auditor) and may receive remuneration for such professional services. A Director may also hold any office or place of profit under the Fund (other than the office of Auditor) and may be a Director, officer or member of a company in which the Fund may be interested;

(f) a Director may contract with the Fund and no contract or arrangement made by the Fund in which any Director is in any way interested shall be liable to be avoided and the Director shall not be liable to account for any profit arising therefrom, but the nature of this interest must be declared at a meeting of the Directors. A Director may not normally vote in respect of any matter in which he is materially interested except in special circumstances set out in the Articles of Association;

CHARTERHOUSE CURRENCY FUNDS LIMITED

(g) unless and until otherwise determined from time to time by the Fund in General Meeting each Director shall be entitled to such remuneration for his services as the Directors shall from time to time resolve. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in the performance of their duties, and may grant remuneration to any Director for special services which he has been called upon to perform;

(h) there is no share qualification for Directors:

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(i) there are no provisions requiring Directors to retire by rotation. Directors are required to retire on reaching the age of 70. A Director may be removed, inter alia, at any time by an ordinary resolution of the Fund passed in General Meeting;

(j) a Director may not be counted in the quorum at any meeting at which proposals are under ration concerning his appointment to hold any office or place of profit under the Fund nor where any contract or arrangement in which he is materially interested is considered;

(k) the Directors may exercise voting powers conferred by the shares in other companies held or owned by the Fund or exercisable by them as directors of such company in such manner in all respects as they think fit (including the exercising thereof in favour of any resolution appointing themselves or any of them as directors, employees or officers of such company or voting or providing for remuneration to the directors, employees or officers of such company);

(I) the Articles of Association contain provisions indemnifying and exempting every Director, Secretary, other officer or servant of the Fund from hability in certain circumstances not involving wilful default, neglect of default of the parties concerned and empower the Fund to provide indemnities to the Manager and the Custodian;

(m) a copy of the Register of Members is available for inspection by members of the Fund without charge at the registered office of the Manager between 10.00 a.m. and noon on any business day except during periods where the Register is closed in accordance with the provisions of the Articles

(n) dividends unclaimed after a period of 12 years from the date of declaration of such dividend are fortested and revert to the Fund.

Appendix B: Statutory and General Information

European Currency Units

A European Currency Unit ("ECU") is a composite currency unit used as the unit of account for the European Monetary System. The ECU has found increasingly wide acceptance in a number of commercial applications calling for a relatively stable unit of account. Many major banks now regularly deal, lend, accept deposits and issue certificates of deposit denominated in ECUs.

An eco is defined as the s	or the tollowing amounts of the following currencies: As at 16th September, 1984:			
Currency	Amount of each currency in one ECU	Percentage of one ECU		
Belgian franc	3.71	8.2		
Luxemburg franc	0.14	0.3		
Deutschemark	0.719	32.0		
Dutch guilder	0.256	10.1		
Pound sterling .	0.0878	15.0		
Italian Irra	140.0	10.2		
French Iranc	1.31	19.0		
Danish krone	0.219	2.7		
lrish punt	0.00871	1.2		
Greek drachma	1.15	1,3		
		100.0		

in FCL is defined as the sum of the following amount of the following automotion.

One ECU was approximately equivalent to £0.64p based on exchange rates fixed at mid-day in London on 20th February, 1986. (The last practicable date before printing this Prospectus).

Investment Restrictions

The Articles of Association prohibit the Fund from investing in real estate, making "Short Sales" or purchasing securities on margin, assuming unlimited liability obligations and acquiring commodities, but otherwise contain broad powers of investment. Accordingly the Directors have resolved to apply inter alia the following investment restrictions:-

No investment will be acquired which would result in the value of investments of any one Currency Fund issued, made, accepted or guaranteed by:

(i) any one Approved Bank exceeding 10% of the assets of such Currency Fund or £500,000 (or the equivalent thereof) whichever is the greater, save that in the sole case of Charterhouse Japhet plc or its subsidiaries the maximum value of the assets of such Currency Fund shall be the same limit as any other Approved Bank together with an additional permitted limit of 10% of the assets of

(ii) any one issuer other than an Approved Bank exceeding 10% of the value of the assets of such

For these purposes "Approved Bank" means a body corporate either whose assets less contra Accounts (as shown by the latest edition of "The Banker" magazine or such other publication as the Directors approve) are not less than US\$3,000,000,000 or whose bills are eligible for discount at the Central Bank of the country (being an OECD signatory) where the principal place of business of such body is situate or which is a subsidiary of such a body corporate, and is either a Registered Deposit Taker under Jersey Law or a Recognised Bank under the Banking Act 1979 of the United

The foregoing restrictions do not apply to investments issued by or deposits placed with sovereign borrowers (being OECD signatories); or agencies or supra-national agencies approved by the 10 PM

The Fund may invest in or acquire financial futures contracts or options to purchase money market or other financial instruments (but not options to purchase other property) provided that, save for currency futures and currency options contracts entered into by the Fund for hedging purposes (which are not limited) the aggregate of (i) the nominal value of all financial (utures contracts held in a Currency Fund and (ii) the cost of the Fund's holding of options in a Currency Fund shall not exceed 20 per cent of the value of the assets of such Currency Fund.

Furthermore, no investment will be made which would result in the value of any one Currency Fund's total holding of shares not listed or dealt in on a stock exchange exceeding 10% of the value of the assets of such Currency Fund. In addition, no units in a unit trust or shares in an unlisted mutual fund will be acquired if that would cause any one Currency Fund's holding thereof to exceed 5% of the total assets of such Currency Fund. Loans to third parties will only be made or guaranteed with the consent of the Custodian.

The foregoing restrictions do not require the Fund to dispose of investments when any such limit is exceeded as a result of changes in value or assets acquired as a result of rights or bonus issues, exchanges under schemes of arrangement or redemptions but further acquisitions of such investments upon the initiative of the Fund are precluded until the limit is restored.

In addition, it is intended that the investment policy will be such as to meet all limitations for obtaining "distributor" status contained in the Finance Act 1984 of the United Kingdom. The Fund will not acquire legal or management control over parties issuing or otherwise liable in respect of investments made by the Fund.

Whilst the Directors have resolved that the above restrictions should apply, such restrictions may be revoked or amended at any time, but it is not the intention that these restrictions should be revoked unless warranted by a change in circumstances. Any material revocations or amendments will be notified to Shareholders prior to implementation and in appropriate circumstances may be made subject to Shareholder approval.

Material Contracts

The following contracts have been entered into prior to the date of this Prospectus and are or may be material:

(a) Under the Custodian Agreement between National Westminster Jersey Trust Company Limited the "Custodian") and the Fund dated 4th February, 1986 National Westminster Jersey Trust Company Limited was appointed Custodian of the assets of the Fund with the power to delegate. The principal function of the Custodian is to hold the assets of the Fund, collecting any dividends or interest therefrom and dealing with the assets in accordance with the instructions of the company and the Managers. Details of the fees payable to the Custodian are set out under Fees and Expenses. The Custodian Agreement contains provisions indemnifying and exempting the Custodian from liability not due to its own wilful default or negligence. Either party may terminate the Custodian Agreement, inter alia, by giving not less than three months' written notice to the other expiring on 31st March, 30th June, 30th September or 31st December in any year provided that an appropriate replacement for the Custodian has been found. Under the Articles of Association any variation in the Custodian Agreement or any new Custodian Agreement is subject to approval by a resolution passed by a majority of the holders of the Participating Shares, but no such approval is required if the terms of any new agreement do not differ materially from those under the Custodian Agreement or, in the case of a variation, if the variation is necessary or expedient having regard to fiscal and other legislation or if the Fund and the Custodian each certify that the relevant variation does not materially prejudice the interests of the holders of the Participating Shares.

(b) Under the Management Agreement between Charterhouse Japhet Currency Management Limited (the "Manager") and the Fund dated 4th February, 1986 the Fund has appointed the Manager (subject to the overall supervision of the Directors and with full powers of delegation) to manage the Fund's investments and its administrative affairs and act as Secretary and Registrar. Details of the fees payable to the Manager are set out under Fees and Expenses. The Management Agreement contains provisions indemnilying and exempting the Manager from liability not due to its own wilful default or negligence. On any transactions with the Fund, the Manager is entitled to receive usual brokerage or commission but must otherwise deal with the Fund on an arms length basis. The ment Agreement may be terminated, inter alia, by the Manager giving not less than three written notice to the Fund expiring on 31st March, 30th June, 30th September or 31st December in any year or by the Fund giving not less than three months' written notice to the Manager (subject to approval by an Ordinary Resolution of the Fund in General Meeting). Under the Articles of Association any variations to the Management Agreement or any new Management Agreement are subject to approval by a resolution passed by a majority of the holders for the time being of the Participating Shares, but no such approval is required if the terms of any new agreement do not differ materially from those under the Management Agreement or in the case of a variation, if the variation is necessary or expedient having regard to fiscal or other legislation or if the Fund and the Manager each certify that the relevant variation does not materially prejudice the interest of the holders of the Participating Shares.

(c) Under the Investment Advisory Agreement between Charterhouse Japhet (Jersey) Limited (the "Investment Adviser") and the Fund dated 4th February, 1986 the Fund has appointed Charterhouse Japhet (Jersey) Limited to provide investment advice. Details of the fees payable under this agreement are set out under Fees and Expenses. The agreement contains provisions indemnifying and exempting the investment Adviser from liability not due to its wilful default or negligence and provisions enabling the Investment Adviser and its associates to dispose of investments to and to acquire investments from the Fund and to act as an intermediary in respect of such transactions on the terms set out therein. The Agreement may be terminated, inter alia, by three months' notice given by either party at any time.

Dealings by the Manager

The Management Agreement provides that the Manager may sell or buy Participating Shares as principal or arrange for their transfer from or to other persons in response to any application for Participating Shares or request for their redemption or conversion provided that in no case shall the price of a Participating Share in any such transaction be above or below that determined in accordance with the Articles of Association.

Directors' laterest

The Directors of the Fund have no interests in the share capital of the Fund which would be required to be disclosed under the Companies Act 1985 of Great Britain if the Fund were subject to that Act.

No Director has any interest in any transaction which is of an unusual nature, contains unusual terms or which is significant in relation to the business of the Fund and which remains in any respect outstanding or unperformed. Mr. Wragg, Mr. Chaplin and Mr. Wetherall are directors of the Manager and Mr. Wragg and Mr. Wetherall are directors of the Investment Adviser which receive fees under the Management Agreement and the Investment Advisory Agreement respectively

Mr. Chaplin is a partner in the firm of Michael Voisin & Co (Jersey legal advisers to the Fund) who will receive a fee from the Fund in connection with the incorporation and initial issue of shares in

Save as disclosed herein, no Director of the Fund has any interest, direct or indirect, in any assets which have been or are proposed to be acquired, or disposed of by, or leased to the Fund or in the promotion of the Fund.

There are no outstanding loans granted by the Fund to any of the Directors nor any guarantees provided by the Fund for the benefit of such Directors.

Auditors' Report

The following is a copy of a letter from the Fund's Auditors to the Directors:-

Arthur Young, Ordnance House St. Helier,

Charterhouse Currency Funds Limited

The Directors,

Charterhouse Currency Funds Limited was incorporated under the laws of Jersey on 31st January, 1986. At the date of this letter it has not commenced business and, accordingly, no accounts have been prepared and no dividends have been declared or paid.

Arthur Young, Chartered Accountants.

(a) The Manager may at its discretion, and at its own expense, pay commission to investors or their agents. Save in accordance with this power, no commission, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Fund.

The Manager is permitted to buy and sell Participating Shares in satisfaction of applications for the redemption or issue of Participating Shares and may derive profits on buying and selling or redeeming Participating Shares.

(b) No share or loan capital of the Fund has been issued for a consideration other than cash or is proposed to be so issued.

(c) No capital of the Fund is under option or agreed conditionally or unconditionally to be put (d) The Fund is not engaged in any litigation and, so far as the Directors of the Fund are aware, no

litigation or claims of material importance are pending or threatened against the Fund. (e) Save in respect of the Management Shares of the Fund (all of which are in issue and beneficially owned by the Manager) and the Nominal Shares to be issued to the Manager as provided in this document the Directors are not aware of any person having an interest in 5 per cent. or more of any class of shares of the Fund.

(f) There are no Service Agreements in existence between the Fund and any of its Directors nor are any such agreements proposed. The Fund has no employees. The aggregate Directors' emoluments are currently estimated at £7,000 per annum.

(g) The Fund had at the date hereof no loan capital outstanding or created but unissued, term loans (whether guaranteed, unguaranteed, secured or unsecured) or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees. The borrowing policy of the Fund is set out under Appendix A.

(h) The Fund does not own any freehold or leasehold property nor does it have any subsidiaries. (i) The Fund has not established and does not intend to establish a place of business in the United

(i) This Prospectus shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 82, 86 and 87 of the Companies Act 1985 of Great Britain so far as applicable having regard

to section 75 of that Act. (k) The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in England and Wales for registration were copies of the above-mentioned Material Contracts, and the consent of the Auditors referred to in paragraph (n) below.

(f) (Save as disclosed herein) no amount or benefit has been given or paid (or is intended to be given or paid) to any promoter.

(m) The minimum amount which in the opinion of the Directors must be raised in order to provide for the matters referred to in paragraph 2 of the Third Schedule to the Companies Act 1985 of Great Britain (the whole of which must be raised by the initial issue) is the equivalent of US\$1,000,000 and is made up as follows:-

Purchase price of property Preliminary expenses
Repayment of moneys borrowed for the foregoing \$364,000 (or the equivalent thereof)

\$636,000 (or the equivalent thereof) If the amount raised by the Initial Offer is less than US\$1,000,000 no Participating Shares of any class will be issued and all application moneys will be returned by post at the applicants' risk by

Based on the foregoing the Directors consider that the Fund will have sufficient working capital

(n) Arthur Young have given and have not withdrawn their written consent to the issue of the Prospectus with their report included herein in the form and context in which it is included. (o) The Fund through the Custodian is free to enter into banking and foreign exchange transactions with members of The Royal Bank of Scotland Group plc on their normal terms and members of

The Royal Bank of Scotland Group pic may act on their normal terms in relation to banking and foreign exchange transactions to be arranged by the Manager on behalf of investors or applicants for Participating Shares.

(p) No part of the initial offer of Participating Shares is underwritten. **Documents Available for Inspection**

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays and Public Holidays excepted) at the offices of the Manager in Jersey until further notice and at the offices of Linklaters & Paines, Barrington House, 59/67 Gresham Street, London EC2V 7JA until 14th March, 1986.

(a) the Memorandum and Articles of Association of the Fund:

(b) the Material Contracts referred to above; (c) the Companies (Jersey) Laws 1861 to 1968 under which the Fund was incorporated;

(d) the Auditors' letter and consent referred to above.

This Prospectus is dated 5th March, 1986.

graduate and a second Further copies of this Prospectus may be obtained from:

Charterhouse laphet pic. 1 Paternoster Row, St. Pauls, London EC4M 70H. Charterhouse Japhet (Jersey) Limited,

P.O. Box 348, 22 Hill Street, St. Helier, Jersey, Channel Islands

Charterhouse Japhet Currency Management Limited, P.O. Box 189, 17-19 Don Street, St. Helier, Jersey, Channel Islands.

Capel-Cure Myers, (also at The Stock Exchange, London) 65 Holborn Viaduct, London EC1A 2EU.

> and through branches of The Royal Bank of Scotland plc

If you are in any doubt about the contents of this document you should contact your stockbroker, bank manager, solicitor, accountant or other financial adviser.

Application Form

To: Charterhouse laohet Currency Management Limited, P.O. Box 189, St. Helier, Jersey. Telephone Number: 0534-74689. Telex Number: 4192258 (CICMIY).

I Investment Instructions I/We hereby apply to investment Limited indicated	est in the class/classes of Par below:	ticipating Shares in Ch	irterhouse Currenc
Share Class	initial Share Price	Minimum Initial Subscription	Amount to be invested

Share Class	Share Price	Subscription	knyested		
Sterling	£10	£1,000	€		
US Dollars	US\$15	US\$2,000	USS		
Deutschemarks	DM 48	DM 4,000	DM		
Swiss Francs	SFr30	SFr3,000	SFr		
French Francs	FFr100	FFr1,000	PFE		
Japanese Yen*	Yen 3,000	Yen 300,000	Yen		
European Currency Units	ECU 20	ECU2,000	ÆCU		

"See details of payment and basis of allotment subject to the terms of the Prospectus dated 5th March, 1986 and the Memorandum and Articles of Association.

Payment Advice Please complete either Section A or Section B as appropriate. (A) Payment by Cheque or Banker's Draft (Note 1) atili importat pe be illueste I/We enclose a cheque/banker's draft for

made payable to Charterhouse Japhet Currency Management Limited. (8) Payment by Telegraphic Transfer I/We have instructed my/our Bank as follows: Same of Saids

to remit forthwith by telex transfer the sum of to the appropriate Correspondent Bank ticked on the next page. Currency of Correspondent Bank Account Details Charterhouse Japhet (Jersey) Limited Account Number 90261246 Barclays Bank PLC, Halkett Place, St. Helier, Jersey. Reference CICM/CCF Telex: 4192380

The Chase Manhattan Bank N.A., Charterhouse Japhet (Jersey) Limited **United States** Account Number 001-1-920741 1 New York Plaza, New York 10081, USA. Sub-Account CJCM/CCF Telex 42065 Charterhouse Japhet (Jersey) Limited Deutschemarks Chase Bank, A.G., P.O. Box 4428, Taunusaniage 11, 6000 Frankfurt-am-Main, Germany. Sub-account CICM/CCF Telex 411625

Correspondent Bank Account Details The Chase Manhattan Bank, N.A. Charterhouse Japhet (Jersey) Limited 41, rue Cambon, 75001 Paris, France. Sub-account CJCM/CCF elex 210610 Chase Manhattan Bank (Suisse) SA, Charterhouse Japhet (Jersey) Limited 63, rue du Rhoñe, 1204 Geneva, Sub-account CICM/CCF Switzerland. Telex 28121 Charterhouse japhet plc Krediet bank N.V 7 Arenbergstraat, 1000 Brussels, Currency Units Sub-account Charterhouse Japhet (Jersey) Limited Sub-account Telex 21761190 ref CICM/CCF

Registration Particulars I/We request that the Participating Shares be registered as follows:-(Please read Note 2 before completing).

In the case of joint applications, all applicants must sign under 6.

Standing Redemption Payment Instructions I/We hereby instruct you to pay the proceeds of redemption of Participating Shares of any Currency class now or hereafter registered in the above name(s) only to:-My/our Account Number:

Dividend Payment Instructions

Please tick the box in Section A or Section B as appropriate

(A) Payment of Dividends I/We hereby authorise and request you to remit all dividends together with all income distributions which may from time to time become payable to mejus as follows:-

(1) Pay in accordance with my/our Standing Redemption Payment Instructions (as in Section 4)

(2) Pay by cheque/banker's draft to the first named registered holder in Section 3; Please arrange for dividends arising on my Yen class shares to be paid in accordance with either 1 or 2 (delete whichever number is not appropriate) in ...

Yen class shareholders should refer to Dividend Policy if in doubt.

(B) Reinvestment of Dividends I/We hereby authorise you to make arrangements to reinvest all dividends arising on my/our holding of Participating Shares into further Participating Shares, in the same currency class as such dividends are payable.

I/We hereby declare that the Participating Shares are not being acqi ired directly or indirectly by a U.S. Person nor in violation of any applicable law and that they will not be owned beneficially by a resident of Jersey (See Note 3).

I/We confirm that I am/we are not resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961. (Any applicant unable made to make this Jersey Tax Declaration should delete it, in which case tax will be deducted from any payment of dividends at the standard rate of Jersey Income Tax from time to time being in force.) This application form may be signed by a duly authorised agent of the applicant(s).

Date: Date:

Payment may be made either by banker's draft in any of the Fund currencies with the exception of Yen or by cheque which must be drawn in Sterling on a bank in the United Kingdom. Cheques and drafts should be sent and made payable to Charterhouse Currency Funds Limited.

Applicants wishing their Participating Shares to be registered in the name of a bank or other nominee must arrange for such nominee to apply on his behalf and give the appropriate Standing

Redemption Payment Instructions, When applicants request that the Participating Shares be registered in their names, only the address of the first named applicant is required for registration. The Registrar does not undertake to register more than four names.

"U.S. Person" includes a national or resident of the United States of America, a partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income tax. For the purposes of this definition "United States of America" includes the United States of America, its territories and possessions and areas subject to its jurisdiction.

If you are unable to make the above residential declaration, please delete the relevant part(s) of Section 6 of the application form.

NatWest surges 20% to record £804m

increase of 20 per cent over the week, but said that the key gearprevious year.

NatWest, the second of the its results, said that all three operating divisions made improved contributions.

News of the profits rise, from £671m in 1984, sent the bank's shares up 25p to close at 733p prices of the other clearers. profits of up to £350m.

The final NatWest dividend of 18.2p per share makes a 1985 total 10.2 per cent higher at 28.2p (25.6p).

Sterling advances grew by 10 per cent but a modest 1.5 per cent growth in the overall balance sheet reflected the im-

The company has decided to

taken as an extraordinary item,

However, the dividend is held at 0.6p, in spite of losses per 5p share of 2.8p (earnings 6p). Shareholders had been warned

of a slump last November, when

a gloomy statement from the chairman, Mr Roy Cole, wiped

a quarter off the value of the company's shares. These closed

yesterday at an unchanged 95p, compared with a price of 185p

in the 1983 flotation.

The current half should see

full year profits are expected to

time's £4.74m. However, he expects a strong recovery for the 1986-87 year.

and snack foods which last

week announced that it was to

be floated on the USM, yester-

31 compared with I£240,000 for

the previous year.

Telemetrix loses £0.7m

and closes two offshoots

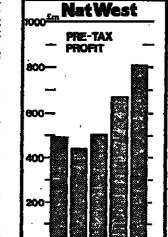
be substantially lower than last year. This however turns on time's £4.74m. However, he exnew products that the City is

National Westminster Bank 42 per cent of group profits, yesterday announced higher The bank said it was "prethan expected record pre-tax mature" to provide a risk-asset profits of £804m for 1985—an ratio, as Lloyds Bank did last ing ratio had moved from 1:22 in 1984 to 1:17 during 1985. Mr Philip Wilkinson. NatWest, the second of the Mr Philip Wilkinson. UK clearing banks to release NatWest's chief executive, said

that the results provided "a strong platform for 1986" and that the bank was taking a confident view of prospects for the shares up 25p to close at 733p Bad debt provisions amounted and also helped raise the share to £338m, against £351m. As a

result, the overall provision Midland Bank reports today, fund rose by £92m to £1.01bn, with the City expecting pre-tax representing 2.2 per cent of amounts due from customers compared with 2 per cent in 1984. NatWest would not identify specific countries or horrowers but said that it had made "substantial" provision against exposure in the ship-

pact of exchange rates, in general and specific provisions, particular the weaker US reflecting what the bank said dollar. Retained earnings stood at 2340m, against £202m, with sovereign risks." At the year-earnings per share coming through at 123p (88p). Tax was bined domestic and inter-t354m (£377m), representing national businesses stood at



£691m (£548m) while general provisions amounted to £319m (£370m). Mr Wilkinson said that the

1981 82 83 84 85

shift towards specific provisions did not imply a gloomier view of the risks involved in its sovereign debt portfolio. In talks with the Inland Revenue, he said the bank had found an bank has a current mortgage increasing willingness to recog-book of £3.4bn and made £850m

nise that specific provisions in new loans last year. It has against sovereign debt could be set aside a further £1.5bn for regarded as tax deductible. It residential mortgages during was, therefore, more appro- the current year. It also gained priate for NatWest to think in specific terms.

On a divisional basis,

banking operations achieved profits, after loan capital interest, of £526m (£405m), representing 65 per cent of the group total. International banking provided a further £181m (£171m) and profits from related banking services rose marginally from £95m to £97m. The Lombard Group achieved a 10 per cent rise in profits.

ness, the bank said it had to forgo profits during the first half of the year because of higher interest rates, but that maturing fixed rate loans with loans at higher rates—together with the decrease in prevailing interest rates—helped second-half net income by £20m.

National Westminster Home Loans recovered during the second half to record 1985 profits of £44m (£60m). The securities bank has a current mortgage operation.

over 30,000 accounts since December, when it introduced free banking for customers in credit.

at £72m

Fisons, the pharmaceutical and scientific instruments

group, continued its remark-

able growth last year with a

50 per cent jump in pre-tax profits to a better-than-expected £72.3m.

At the operating level

growth was more modest, with profits ahead 27 per cent at £66.9m. The interest

charge, however, swung by almost £10m from £4.5m pay-

able to £5.4m receivable. This

was partly the result of the group's £94m rights issue this time last year, another result

being slower growth in earn-ings per share of 29 per cent from 18.8p to 24.2p. The divi-dend was raised by 22 per cent

to 5.5p for the year on capital

enlarged by last April's £94m

Group sales grew by 17 per cent to £545.7m, with 81 per cent made overseas, and 48 per cent in North America.

Besides the growth in profit, the group pointed to the im-provement in the quality of

earnings. In particular, re-turn on capital continued its

uninterrupted rise of recent years, reaching 23.9 per cent, against the previous year's 21 per cent.

A little more than half the

growth in operating profit came from the pharmaceutical

division up from £31.2m to £39m on turnover of £220.8m

(£198.5m), where the star per-former was the US with a

sales increase of 40 per cent.

Opticrom, a product for eye

allergies, was launched in the US at the end of 1984, and made excellent progress.

Intal, the asthma drug, con-tinued its US growth, despite having been launched there

Mr Kerridge said there had been reasonable underlying

growth in prescription drugs in the UK, despite the tougher

Government attitude towards drug pricing. However, the group had seen particular

strength in its generic drugs

"We can compliment our selves that we got into that

market at the right time three

or four years ago," he said. The scientific equipment division showed a rise in oper-

from £15.8m to £19.2m on

turnover up by £67m to £358.2m. About £1.5m of that,

Mr Kerridge said, came from acquisitions made during the year. In particular, the

Italian company Carle Erba

had been much more profit-able than expected.

recorded operating profits of £8.7m (£5.8m) on turnover of

£67.7m (£63m). About £1.5m

of the group profit increase came from currency move-

Horticulture

15 years ago.

rights issue.

By Tony Jackson

NatWest emphasised that it was continuing to develop and strengthen international operations. Mr Wilkinson said the bank was "very happy" with its US business and had no intention of following pervices rose marginally from example of some other clearers by disposing of its US operations. He added: "On the contrary, we want to build on this strength and increase our business of the contrary was and increase our business of the contraction of the ness in North America."

Investment banking activities are also growing and it is press-ing ahead with plans to step up the subsequent replacement of its involvement in international maturing fixed rate loans with securities markets through Nat-West Investment Bank, which is to be capitalised at £300m. It is alming to be one of the leading investment banks in London, with a presence in Europe, Asia and the US. In the US, NatWest is seeking approval to create a securities broking and research

Coloroll bids £11m for Staffs

BY LIONEL BARBER

COLOROLL, the wallpaper and 1978, and it claims to be the UK Telemetrix, a designer and its cost base to meet rising defurnishings manufacturer, yes-terday launched an £11m hostile bid for Staffordshire manufacturer of electronic pro- mand which — as far as it was ducts, has suffered a £2.54m concerned — just did not downturn to a loss of £688,000 materialise. Its volume was in the first half of the 1985/86 unchanged in a market that rose Potteries, the mug, giftware and dinnerware manufacturer. by 20 per cent. In part this can be explained by an over-The bid came one day after Coloroll and Staffordshire called off merger talks because close two subsidiaries — Lord filled pipeline to its customers Medical, a medical equipment and a drop in demand from maker, and Telegraphix, which OEMs but the core point is that of what staff described as "in-compatible management styles."

sells video presentation sys-the product range had matured tems. The cost of £55,000 is and the company did not have Mr John Ashcroft, Coloroll's chairman and chief executive, said: "Staffordshire is a cash starved business but has good products which we can use to leaving the company with an Product launches this month, attributable deficit of £617,000. next autumn and in the spring next autumn and in the spring of '87 should right this wrong, extending the range to a broader base and returning Telemetrix to the growth path. Meantime the second half should bounce back to produce £1½m for the year. In fact the interim lesser are not quite and the should be the second half should bounce back to produce £1½m for the year. In fact the expand our sales in the UK and North America."

man, whose family controls around 20 per cent of the ordinary equity, said: "Mr Ash-croft seems to be in one terrific

write downs. So at 93p the shares have probably reached the bottom assuming that 1986-87 can produce profits similar to the £4.7m of last

leading manufacturer of DIY wallcoverings. Based in Nelson, Lancashire, it employs account for around 40 1,300 people and has a market of its enlarged equity. capitalisation, based on last These preference shapes night's closing price of 185p, down 2p, or just over 250m. It already holds 9 per cent of

Staffs claims to be the world's most prolific manufacturer of coffee mugs, turning out 750,000 mugs a week. It employs just under 1,500 people and has recovered from losses in 1981 expand our sales in the UK and to the tropic of trop

shares for every five in Staffs, valuing it at 111p a share. There hurry."
is a cash alternative of 102p.
Coloroll's sales have grown Staffs, advised by Hill Samuel,
almost tenfold from £6.5m in closed at 119p, down 3p.

Staffordshire has an unusually large number of preference shares which, upon conversion,

These preference shares, the result of a heavy rights issue in 1981, are convertible into Staffs' ordinary on a basis of five new ordinary for every two prefs. Coloroll is offering three of its own shares for every two Staffs' prefs.

On the basis of last night closing price of 186p for Coloroll, the offer values each preference share at 279p. There is a cash alternative of 255p.

Coloroll yesterday forecast a In the UK, Germany and final dividend of 3p for the year ending March 1986, making a total of 5p. Staffs' shareholders Scandinavia business was flat for the year, said Mr John Kerridge, chairman. "The incidence of hay fever and who accept the offer would receive gross income of 4.3p a share, Coloroll said. eye disorders was down in the first half, and we had to work to catch up in the

'MMC chief exceeded powers'—Argyll

yet to even see — on balance Telemetrix should have the right ones in its r and d depart-Comment

Simply put. Telemetrix's ills have been caused by expanding

Wardell Roberts'

Wardell Roberts, the Dublin-based distributor of tea. coffee and snack foods which last

DC Corporate Finance. Its market capitalisation at the placing and snack foods which last

With the reference to the Monopolies and Mergers Commission, had the been wrong to conclude that a fellow wrong to conclude that a fellow revised bid by Guinness for the Distillers drinks group indicated that Guinness had abandonned its original merger plans, the High Court was told yesterday.

Mr Allan Heyman, QC, for Alerman of the Monopolies and Mergers Commission, which had the been wrong to conclude that a fellow revised bid by Guinness for the Distillers drinks group indicated that Guinness had abandonned its original merger plans, the High Court was told yesterday.

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day forecast profits of at least of £215,000 in the year to March 1£1m for the year to this March 1983, and £437,000 in the year to March 1984. he previous year.

Some 93 per cent of the shares
The company is coming to the
being placed are new shares market through a placing of issued by the company and will 3m shares at 50p a share by raise £1.25m net.

interim losses are not quite as bad as they look for tucked in

above the line is £im of stock

SIR GODFRAY LE QUESNE, the original Guiness bid, and to monstrated the need to have QC, chairman of the Monopolies rule that the reference to the difficult issues looked at by a rule that the reference to the Commission, which had the effect under the City takeover QC, chairman of the Monopolies

Staffs

were un- Commission chairman was to doubtedly still in existence in appoint a group of members to of whether the bid had been the new bid the company made investigate a gid, Mr Heyman abandoned was a question of the day after the Commission said.

Mr Heyman said tht if it were possible by, for example, in-creasing a bid by 5p per share, to remove a reference, the whole basis of the reference procedure would be almost

Mr John Mummery, for the original bid.

Asking why Sir Godfrey had cided by comparing the proposals in the original bid with tigate the Guinness bid, Mr quash the decision to lay aside

Asking why Sir Godfrey had cided by comparing the proposals in the original bid with those in the revised offer.

The hearing continues to a supering the proposals in the original bid with those in the revised offer.

COMPANY NEWS IN BRIEF

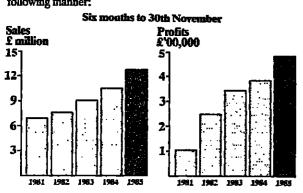
Johnstone's Paints, a Ramar stock, has made up for a lack-lustre half-year with a £1.5m **Textiles** INTERIM REPORT OF CHAIRMAN for Six Month Period Ended 30th November 1985

I am pleased to announce that the Group has continued the trend of increased trading activity which has resulted in the significant improvement of Sales and Profits for the first six months of the year in comparison with that which has been achieved in previous Interim periods.

The unaudited results for the period are as follows: Six Months to Six Months to

Nov. 1985 £000's	Six Months to 30th Nov.1984 £000's	31st May 1985 £000's
12,970	10,445	21,024
488	388	751
178	-	81
310	388	670
re 2.47p	3.07p	5.30p
1.93p	2.33p	4.14p
	Nov. 1985 £000's 12.970 488 178 310	Nov. 1985 30th Nov. 1984 £000's £000's £000's 12.970 10.445 388 178 - 310 388 188 199 3.07p

The upward movement in the financial results of the Interim periods over the last five years can be demonstrated in the following manner:



(The overall percentage increases have continued to exceed the rates as published in the retail price index.)

The present indications are that the trading results will continue to display significant progress which will enable the Group to consolidate the comparable strength of it's capital base.

I would again wish to express my gratitude to all management and staff for their invaluable assistance to achieving another record trading period for the Group.

M. RADIN (Chairman)

second-half boost, bringing the total for the year ending November 1985 to \$1.54m pretax. The Manchester-based paint maker's full-year result compares with 1984's \$1.52m on the company which manages turnover of £11.96m (£10.47m), and the directors are recom-mending a final dividend of 2.5p.

STAT - PLUS GROUP, the BRITISH TELECOM expects to stationery, printing and complete its acquisition of 51 furniture retailer, has increased per cent of Mitel Corporation stationery, printing and furniture retailer, has increased full-year profits by 50 per cent and plans to graduate from the

acquiring Nomis Management, the company which manages pop group Wham!, for £5m, This makes a total for the year of 4.265p, up 6.6 per cent. Earnings per share were down at 9.12p against 11.26p after higher taxes of £585,000 (£338,000).

USM to a full listing. At £1.53m pre-tax, the result compares

said yesterday that it had decided to break off negotiations on the proposed takeover. It was announced two weeks ago that the two-man group was to

within the next few days following clearance by the regulatory bodies in the US and the UK, as well as by the Canadian with 1984's £1.02m, and was Government acting on recom-

MEDMINSTER PLC

Activities of the Group:

Furniture hire to conferences, exhibitions, films, photographic studios, television and theatres. North Atlantic groupage, freight forwarding services worldwide and ships management.

Interim Report

Unaudited results for the six months ended . December 31st	1985	4004
December 31st	1300	1984
	£	£
Turnover	6.3m	6.4m
Profit before tax	296,000	241,000
Profit after tax	192,000	161,000
Earnings per share	9.60p	8.05p

Turnover has increased in the furniture hire division and general shipping and groupage is steadily growing and I anticipate an exciting future for this sector.

The Interim Dividend has been increased to 211/4% (191/2% last year). John Delaney, Chairman

achieved on turnover ahead by 25 per cent from £4.54m to £5.67m. The final dividend is mendations from Investmen: GROUP exchanged contracts regarding the acquisition of Marcus Bohn KUNICK LEISURE, which in January announced that it was

Associates, an operator of training courses. Initial consideration to be paid on completion is £2.4m. Part of this will be satisfied by the issue of 311,890 ordinary shares in Barham, Further consideration, limited to £1.4m may be payable. This is dependent on MBA's profits between March 1986 and January 1989.

JOHNSON Matthey completed the sale of Eagle Transfers on February 28 to Millden Signs. manufacturer of vehicle markings and other self-adhesive products. Millden and Eagle will be formed into the Millden Eagle Group and, directors state, becomes the largest manufacturer of vehicle markings within the UK.

IESTOCK JOHNSEN'S whollyowned US subsidiary, Glen-Gery Corporation has acquired the assets of Hanley Brick Inc for \$5.16m (£3.56m) cash. In 1985 Hanley achieved taxable profits of \$800,000 (£552,000).

ments, Mr Kerridge said. Fisons shares closed 8p higher at 528p.

> N.A.V. at 28.2.86 US\$41.34

YIKING RESOURCES INTERNATIONAL N.V. INFO Pierson Heidring & Pierson N.V.

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Wolseley rights to Fisons is better than fund Grovewood deal expected

BY CHARLES BATCHELOR

ing supplies merchants, is paying £109.3m in cash for the bulk. of Grovewood Securities, cur-rently part of BAT Industries. Wolseley will finance most of the purchase price by means of a

one-for-three rights issue at 425p per share to raise £100.4m.
The company's shares fell 27p at one stage yesterday but rallied to close 8p higher at

acquisition and comes less than three months after it paid £54m

As well as raising £100.4m for Carolina Builders Corpora-tion, a US distributor of building materials.

It gives Wolseley a better balance between its manufactur-ing and distribution arms and between its US and British operations, Mr Jeremy Lan-caster, the chairman said.

The businesses being trans-ferred to Wolseley include the

Wolseley-Hughes, one of leading "heavy" products such as UK central heating and plumb bricks, sand and cement.

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Wolseley already has a chain of 190 merchants though these distribute mainly "light" products such as heating and

plumbing equipment. Wolseley is also acquiring Grovewood companies which make domestic plastic products, electrical accessories and trace mouldings, and which make and distribute agricultural acces-513p.
This deal is Wolseley's largest sories and the Howard technical sories and consultancy business.

> by means of the rights issue Wolseley will borrow £15m to meet the total purchase costs of £115m. This will take group borrowings to about £40m, or 20 per cent of shareholders' funds.

Wolseley also announced a 27 Wolseley expects greater growth opportunities in the US over the next feet of the profits to \$16.9m in the six profits to \$16.9m in oecoming too US-oriented.

It is acquiring Grovewood businesses accounting for fig.5m of trading profit and sales of £195.5m in 1985.

The businesses being for for the businesses being for fig.5m of trading profit and sales of £195.5m in 1985.

The businesses being for for fig.5m in 1985.

wood as part of the purchase of Eagle Star Insurance, is near Ray and Harris builders' mer-chants with 35 outlets in of the rest of the company for Southern England handling a further £30m.

This announcement appears as a matter of record only.

AIRSHIP INDUSTRIES LIMITED



Underwritten Placement by

JACKSONS LIMITED

of 22,402,000 ordinary shares at 35p each, in Europe and Australia completed in October 1985 Main Board Listing on the Australian **Associated Stock Exchanges** on 6th March, 1986.

 $\star\star\star\star$



A MEMBER CORPORATION OF THE SYDNEY STOCK EXCHANGE LIMITED Diana House, 33 Chiswell Street, London ECIY 4SE. Tel: 01-628 7553 Teles: 883905 Fax: 01-638 6570 10 Spring Street, Sydney, New South Wales 2000. Tel: (02) 232 4244 Teles: AA20796 Fax: (02) 232 5064 Telex: 643674 PROIM Fax: (1) 523 5413

JOHNSTONE'S PAINTS **FINAL RESULTS**

Extracts from Chairman's Statement

 Higher pre-tax profits in 1985 14% increase in turnover

12% profit improvement in second half

 Major new market opportunities Sales up 25% to date in 1986 Audited results for the 52 weeks ending 30th November 1985.

52 weeks to 52 weeks to 30/11/85 1/12/84 11,963,971 10,468,699 Profit before taxation 1,542,123 1,519,900 Pre Tax Earnings Per Share 14.69p Post Tax Earnings Per Share 4.265p Head Office & Factory: Stonebridge House, Edge Lane, Droylsden, Manchester M35 68X Birmingham, Bolton, Bristol, Glasgow, Hanley, Leeds, ondon (Bow. Croydon, Greenford, Manchester, Newcas Notlingham, Preston, Sheffield.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.



Placing by GRIEVESON, GRANT AND CO.,

850,000 Ordinary Shares of 10p each at 160p per share

SHARE CAPITAL

Issued and to be issued fully paid in Ordinary Shares of 10p each

400,000 The Company publishes study texts for accountancy and other financially oriented professional examinations and provides a range of accountancy tuition courses from its London training centre. A proportion of the shares has been offered to the market and may be

A proportion of the sust on the market during market hours today. Full particulars of the Company are available through the Extel Unlisted Securities Market Service. Copies of the Prospectus and of Extel Cards can be obtained until 21st March, 1986 from:—

GRIEVESON, GRANT AND CO... 59 Gresham Street, London EC2P 2DS.

Authorised

UK COMPANY NEWS

Strong fourth quarter lifts Unilever

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Unilever, the Anglo-Dutch consumer products and food group, has lifted 1985 pre-tax profits to £954m, compared with £925m in 1984. The analysts' best estimates suggested that the group would do well to equal the 1984 result.

This 3 per cent increase which translates to 16 per cent on a comparable basis when the effects of currency fluctuations are fromed out—stemmed partly from a strong performance in the final quarter, Sir Kenneth Durham, retiring chairman, said in London yesterday.

The company reported a 50 per cent increase in profits, from £214m to £322m, for the last three months of the year on turnover which rose only 8 per cent to \$4.59bn. Fourth custter figures last time included an extraordinary charge of £86m for losses and provisions arising from the group's continuing group's continuing withdrawal from peripheral activities.

The share price closed at £147 up } on the day.

Turnover for the year regional test markets. Snuggles increased to £16.75bn, up 4 per fabric conditioners and Sunlight cent based on exchange rates at the close of the year, and 13 per cent on a comparable hard. cent on a comparable basis. Profit attributable totalled £519m against £503m. Earnings per share were 138.8p compared with 134.3p.

Unilever is proposing a final dividend of 26.67p (24.03p) a share making a total for the year of 38.24p (35.52p). Unilever NV final payment is FI 10.16 (FI 9.45) making a total of FI 14.29 (FI 14.11) of F1 14.82 (F] 14.11).

Apart from a lull in the final quarter, the US detergent war continued between Unilever continued between Unilever and Procter & Gambie. Sir Kenneth, who last year warned that heavy investment in rolling out new products could cause a fall in profits in North America said new launches had provoked "a violent reaction" from the

Surf. Unilever's heavy duty detergent answer to Procter's Tide, is currently being introduced nationally in the US.

is expected Procter retaliate shortly with several product improvements and it also has Omaha Tide—assessed by market experts as a detergent with better than average prospects — up its Unileyer claims volume sales of detergent in the US, which accounts for 30 per cent of its global sales in this sector, rose by 15 per cent last year. "We

off promotions or roll-outs." Sir Kenneth declared. Partly because expenditure in the US market the group's global operating profits from detergents slumped from £203m to £126m.

have no intention of slackening

Unilever is still struggling in the US personal products market. Following the failure to win control of Richardson-Vicks. Sir Kenneth said the group still had too small a base in this sector. It would have to be widened, he added.

Signal mouthwash and Impulse body sprays are selling strongly, but the company hampoo off the ground after its launch coincided with the appearance of more than half a dozen competing products.

It is having technical problems introducing its Mentadent toothpaste, a highly successful product in Europe, and in any case faces strong competition in this market from Procter's new Tartar-Control Crest brand.

North American sales for the year slipped from £3.11bn to £2.89bn in 1984. Operating profit in the region, affected by cur-tency fluctuations, fell from £190m to £107m. Strong growth in most Euro

pean markets—marred by poor margins in the West German detergent trade-resulted in a rise in sales from £9.82bn to £10.66bm and a 28 per cent increase in operating profit to £522m compared with £413m in

Revamped Hawley up to £33m

DURING a year of rationalisa- take full advantage of the £193.17m-pre-tax profits at that tion and simplification of group opportunities for sizeable in-stage were £12.12m, structure and operations, Haw-ternal and acquisitive growth. ley Group, cleaning and maintenance, home improvements for improvements and security concern, has pushed pre-tax profits up from pushed pre-tax profits up from or 12.9p (9.9p) per US\$0.01 for 1985.

The directors say that results represent a considerable schievement in the difficult trading conditions in the home improvement division, and the continued weakness in the US

They add that shareholders' £10.73m (£6.84m), while central funds have been substantially increased following completion of the US\$50m convertible preference share issue, and the group is now well positioned to at halfway from £119.23m to

or 12.9p (9.9p) per US\$0.01 common share. Net profits were divisionally split as to: cleaning and maintenance £10.39m (£5.95m); home improvements £5.93m (£9.83m): security £6.76m (£5.74m); travel and leisure £3.53m (£3.16m). Associate companies' share was

DIVIDENDS ANNOUNCED

				_	
Slagden Inds 2nd int	3.7† 3.34†	Apr. 4	3.7 2.7	7.2 5.5	7.2 4.5
leming Mercantile	2.35	· <u></u>	2.28	3.6	3
lawley Group			2.14	4.6	3.41
ohnstone's Paints‡ VatWest Bank	2.5 18.2†	Apr 24 Apr 4	2.24 16.3	4.27 28.2	4 25.6
revident Financial	9		7	13	10.5
tate-Plus‡	2		1.5	3	2
elemetrixint	0.6	Apr 22	0.6	-	1.75
Juliever	26.67 **10.16	May 28 May 27	24.03 9.45	38,24 14.82	35.52 14.11
Volseley-Hughesint	3.5		*2.4		*8.8

Dividends shown in pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § US cents throughout. || To reduce disparity.

** Gross Dutch Florins throughout.

comment

Hawley Group has come in just a fraction below expecta-tions on profits but a bit ahead on earnings—hence an almost static share price of 112p. Restructuring the group's short-term dollar debts has clearly been the main development. In December a \$100m six-year facility was successfully put in place. Last month this was almost matched by an \$80m convertible preference share issue—in practice a delayed rights at a 135p exercise price. With its balance sheet now strengthened, Hawley need not think too much about having to dispose of its 43 per cent stake in Cope Allman. Gearing is now about 25 per cent. The US bias in profit contribution remains, especially in the clean-ing division. Here, Mr Ashcroft, is certain to be an interested player in the sort out of the UK cleansing market once it

it is clearer just which way Pritchards/Brengreen are going. Home improvements should be back to 1984 levels in this current year and the City is expecting pre-tax profits of £39m and undiluted earnings per share of 15p. This has the shares trading rather modestly on a prospective p/e of 71.

Results at a glance

1985

£385.4m

£23.7m

33.9 p

13 p

Increase

on 1984

17%

22%

43%

24%

for the year ended 31st December 1985

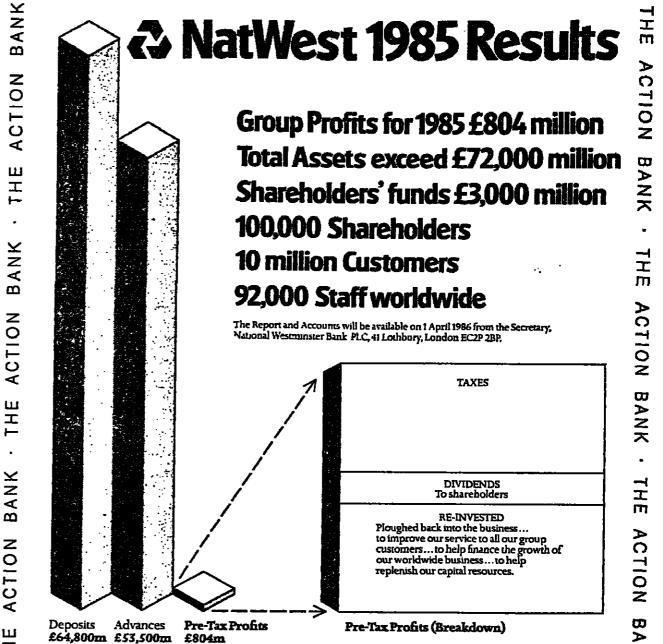
Tate has 2.6% Berisford stake

Tate & Lyle, the UK sugar refiner, has bought a 2.6 per cent stake in S & W Berisford, the sugar and commodity trader being pursued by Hillsdown Holdings and Ferruzzi, the Italian food group.

Tate confirmed yesterday that it bought the stake through its brokers Hoare Govett on Monday. It declined to comment on whether it had made further purchases yesterday.

Market analysts said that Tate's share buying could herald a three-way fight between Hillsdown (holding 9 per cent) and Ferruzzi for control of Berisford. But they said that Tate may have decided to buy a strategic stake to have influence on the outcome or to take future profits.

• THE ACTION BANK • THE ACTION BANK • THE ACTION BANK •



THE ACTION BANK A NatWest THE ACTION BANK

coal traders. One of

the world's largest oil

companies relies on Cory

PROVIDENT FINANCIAL GROUP

Another Good

Turnover

Profit pre-tax

Earnings per share

Dividend per share

Extracts from the Chairman's statement "It is gratifying to report another good result. Pretax profit is up 22% on the previous year to £23.7m, with a substantial increase in earnings per share. The Board therefore recommends an increase in the final dividend to 9p per share. It also proposes a capitalisation issue of one for five and feels confident that it will be possible to recommend next year at least this year's rate of dividend on the enlarged capital.

Improved results were produced by virtually all Group companies in 1985. The number of customers in the weekly-collected credit commies has continued to grow and elsewhere in the Group improving trends have been

Rises in interest rates, although never welcome, are much less significant to the Group than they were because of interest rate swap arrangem covering £66m of borrowings and the funds of the Insurance-related subsidiaries over £25m - which benefit when

the borrowing companies suffer. The Group is confident of producing a good result in the current year."

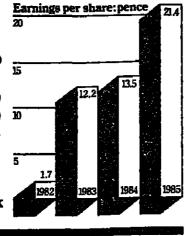
The 1985 Report and Acco



TACE · PLC Results for the year to the 30th September, 1985 ...another record year...

- Profit before tax increased 41% to £3,116,000 (1984 -- £2,217,000)
- Earnings per share increased 59% to 21.41p = (1984 - 13.47p)
- Final dividend 4.55p per share (1984 3.0p) giving total for the year of 6.65p (1984 -4.50p) $\overline{10}$
- Anderson Instruments contributing materially to current year
- Further material increase in earnings forecast

Annual Report from The Secretary, Tace plc, Essex Hall, Essex Street, London WC2R 3JD



A hundred years ago, Ocean's shipping services stretched around the world.

Today our operations extend a little further.

While continuing in shipping, we've also moved into areas such as freight forwarding, offshore oil support, warehousing and waste management.

As we are an industrial services group with a special emphasis on international

distribution, such diversity is obviously desirable. It means that we can offer our clients a more complete service: the parts which our shipping operations cannot reach, for example, our warehousing and air freight forwarding can.

Of course, such breadth Halfadozen certainly has. of service cannot in itself Halfadozen Our carg But what Ocean going concerns. and ware-housing

can is quality of service. By applying the professionalism which

is the hallmark of our shipping operations, we set out to ensure that all our other services operate to an equally high standard.

If that sounds like an idle boast, it isn't - it's a boast based on a considerable amount of hard work. Consider MSAS, our

international freight forwarding subsidiary. Total shipments each year are now worth over £300m to the company, which puts it among the

top ten freight forwarders worldwide. Consider our fuel distribution and waste

management services.

Cory Coal is one of Britain's leading

Oil to provide a UK distribution service on its behalf. And after investing £11 million in our London operation, Cory Waste Management McGREGOR CORY WAREHOUSING now handles over half a

million tonnes of the capital's domestic refuse. Offshore oil support is a fast-growing area in which we are represented by our subsidiary O.L. It is a volatile sector, as reflected by the fact that few British companies working

REA BULK

within it have remained profitable. But one Our cargo-handling

operations are similarly strong. Rea Bulk Handling has an established reputation and the ability to handle a wide

range of commodities. And so has McGregor Cory Warehousing, with its 3 million square feet spread strategically

throughout the UK and Europe. Over the years, by taking our existing skills and developing them in

related areas, we have built an organisation where the strength of worldwide interests is underpinned by a high degree of specialist expertise in a variety of disciplines.

So much for history.

As for geography-it has long been said that ocean covers two thirds of the earth.

Rather more, surely rather more.





OCEAN TRANSPORT & TRADING plc, 47 RUSSELL SQUARE, LONDON WC1B 4JP.

Blagden

below City

shares slip

forecast and

PRE-TAX profits of £4.16m.

against £2.97m, on turnover of £119.87m for Blagden Industries

were well down on City expecta-

tions of between £6m and £6.5m

for the year to December 29 1985. The shares fell 15p on the

day to close at 114p.

The figures for this maker of

steel drums and plastic products 🗭

were boosted by the acquisition

were boosted by the acquisition of the European steel drummaking activities of City Investing of New York. Turnover, which rose by £47.49m, included £40.9m from the acquisitions which contributed £3.29m to operating profits of £6.09m (£3.51m).

European steel drummaking profits of £6.09m (£3.51m).

Earnings per share, on capital

UK COMPANY NEWS

Independent Newspapers, PLC

PRELIMINARY RESULTS 1085

18		
	1985	1984
	IR£	IR£
Profit before tax	4.6m	3.0m
Earnings per share	21.9p	13.4p
Ordinary dividend	15.0p	12.0p

These preliminary results for the year to 27th December 1985 are extracted from the Annual Report & Financial Statements upon which the Auditors have given an unqualified report.

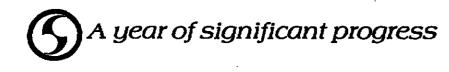
Profit before tax

+52%

Earnings per share

Dividend

+25%



The 1985 Annual Report & Financial Statements will be posted to shareholders on 20th March 1986. The Annual General Meeting of the Company will be held on 11th April. Copies of the Annual Report & Financial Statements may be obtained from the Secretary, Independent Newspapers, PLC, Group Headquarters, 1-2 Upper Hatch Street, Dublin 2.

Court allows Rank to challenge IBA's decision

terday given leave by the High Court to challenge the Independent Broadcasting Authority's decision to block its contested involve a change of owne 2753m bid for the Granada of a viable ITV franchise.

Rank will seek an order without a change of heart by mashing the decision on the the IBA. Rank instructed its quashing the decision on the ground that the IBA acted in lawyers to start proceedings for breach of its duties under the 1981 Broadcasting Act. Although Rank was given

leave to try to have the matter heard on Friday, it is thought likely that the need to serve the documents on Granada as well as the IBA, and to give them reasonable time to pre-pare their cases, will mean that the case will not come back to court before the latter part of

Rank Organisation was yes- sider its decision that its take- IBA's policy was inconsistent over of Granada, and with it Granada Television, would be Rank any opportunity to discuss "unacceptable" because it would involve a change of ownership

When the deadline passed a judicial review of the deci-

Yesterday Mr Anthony Grabiner, QC for Rank, told the Yesterday court that the IBA had a policy of saying "no" in cases where a change of control of an ITV company was involved.

Rank contended that that the case will not come back to policy had no relation to the court before the latter part of next week.

Rank had given the IBA until IBA was entitled to say no were prescribed in the act and the

objecting. "Rank was apparently good enough then but not good enough now," he remarked.

refused Rank permission to exercise voting rights in respect of shares constituting more than 5 per cent of Granada Group's issued voting shares.

although Rank had intimated a willingness to be completely flexible about the way in which it would manage Granada Tele-Mr Grabiner said that for

with its legal duties.

The IBA had failed to give

the matter with the Authority,

number of years Rank had had a 37 per cent interest in Southern Television, a former franchisee, without the IBA

The decision under challenge

increased by the purchase, fell from 14.7p to Sp. As last year the company is paying a second interim dividend of 3.7p to make a total for the year of 7.2p. Mr Ronald Sparrow, chairman, reports the performance of the newly-acquired busipare.

nesses was broadly in line with expectations, but the UK operations were disappointing. comment No doubt there's many a good

tune played on an old steel drum but the music being played by Biagden Industries at present is anything but pleasing to the ear. Last year a cun-ningly structured rights plus tender offer saw the group's main shareholder being bought out and the acquisition of a major European steel drum business. Too clever by half perhaps. For in spite of the issue being heavily oversub-scribed, Blagden is left with capital gearing a little short of 50 per cent. At the same time its UK core is beset by £1m losses on injection moulding and competition from drum renovating "cowboys." While it is easy to blame others, the reality is that Blagden came in almost 50m below expectations and has £2m below expectations and has still not bitten the bullet over plastics. The shares lost 15p to 114p yesterday; happy is the Jobber who did not join in the rush to buy ahead of the results. The yield of 9 per cent remains the main attraction.

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10-11

THE CROSSES

 $V_{\rm total}$

to:

BPP Holdings joining USM

The growth industry of training accountants and other professionals in the world of finance has spawned another USM newcomer in the form of

The company said yesterday that it would be coming to the market through a placing of \$50,000 shares at 160p by its broker, Grieveson Grant. Its market capitalisation at the placing price will be £4.44m.

Its two areas of activity are publishing study texts for accountancy and other financially-orientated examinations and providing accountancy tuition courses at its London

over the same period turnover has grown from £890,000
to £2.2m, mostly through the
rising contribution from publisbleg.

The flotation will raise

Provident Financial up 22% at a record £24m AN IMPROVEMENT of £3.5m hold next year's dividend at

in the second six months enabled the Bradford-based Provident Financial Group to lift its profits for the 1985 year from £19.41m to a record £22.72m pre-tax, an increase of 22 per cent.

The group's weekly-collected consumer credit companies produced more than three-quarters of the profits. An increase of some 10 per cent in the number of customers helped turnover in that business increase by 18 per cent.

Turnover for the year pushed ahead from £329.1m to training centre.

At the pre-tax level BPP has recovered from losses of £4,600 in the year to December 1981 to profits of £155,000 in 1985.

£580,000 in new money for the basis is also proposed. The rating allows little room company after expenses of directors are confident that further appreciation in £140,000.

the increased rate on the enlarged capital, comment

Given that Provident's figures were expected to show profits of £23m to £24m, yesterday's enthusiastic response by the market seems slightly bewildermarket seems sightly bewidering. But the announcement highlighted two important features. First, after years of stagnation in the customer base, the number increased by a tenth. Possibly even more important was the upsurge in the profits.

important was the upsurge in the profits from non-credit activities—insurance and estate agency. Their contribution jumped from £1.7m to £4.8m—earnings which the analysts award higher marks for quality than the traditional lending. Both the newer activities and the core business will progress this year lifting profits to around £27m and dropping the earnings multiple to under 10 after the 42p rise to 400p. The rating allows little room for

niever results

The Directors of Unilever announce the Companies' provisional results for the fourth quarter and for the year 1985, and their ordinary dividend proposals. The provisional profit and loss account shown below is an abridged version of the one which will appear in the Companies' full accounts to be published on 22nd April. The full accounts for Unilever N.V. and Unilever PLC have not yet been filed with the Commercial Registry in the Netherlands or the Registrar of Companies in the United Kingdom, and have not yet been reported on by the auditors.

Increase//Decrease Increase (Closing Rates) Closing Comparable 1984 (Decre 13% 4.265 TURNOVER 16,172 4% 312 211 48% 2% 16% **OPERATING PROFIT** 950 930 Share of associated companies' profit before 15 21 57 62 Other income from fixed investments 38 Other interest receivable and similar income 122 111 (58)Interest payable and similar charges $\{193\}$ (186) 322 214 **PROFIT BEFORE TAXATION** 954 925 50% 16% (394){120] Taxation on profit of the year (414)(96)23 Taxation adjustments previous years (2) 26 (34) (7) (8) Outside interests (39)Profit attributable to shareholders 195 133 47% -Fourth quarter 519 503 Year at closing rates 15% Difference on translation of fourth quarter 1985 (26)results at closing rates of exchange PROFIT ATTRIBUTABLE TO SHAREHOLDERS 519 169 133 27% 503 3% 15% Combined earnings per share --138.77p 134.33p 45.27p 27% per 25p of ordinary capital 3% 15% 35.53 (26) Extraordinary items Profit after extraordinary items attributable to 169 47 519 477 Preference dividends Dividends on ordinary capital (179) $\{165\}$ PROFIT OF THE YEAR RETAINED 336 308

Exchange Rates The results for the quarter and the comparative figures for 1984 have been translated at comparable rates of exchange. These are based on £1=F.4.13=U.S.\$1.16, which were the closing rates of 1984. An exception has been made for the results which have arisen in hyper-inflationary economies, which for the current quarter have been translated at the closing rates for 1985. The profit attributable to shareholders for the current quarter has also been translated at the closing rates for 1985 being based on £1=Fl.4.00= U.S.\$1.45, which will be used for the Annual Accounts 1985.

The results and earnings per share for the full year 1985 have been translated at the closing rates for 1985. The 1984 figures for the full year are based on the closing rates for 1984. The trends are therefore influenced by the changes in exchange rates during the year. For comparison purposes the trends have also been shown based on comparable rates of exchange.

RESULTS FOURTH QUARTER 1985

This was an excellent quarter. At comparable rates of exchange the value of sales was 8% higher than in the corresponding quarter of 1984 and operating profit increased by 48%.

In Europe operating profit more than doubled. Edible fats had a good quarter. Food and drinks and speciality chemicals also made substantial contributions to the

In North America operating profit went up by 34% and volume by 15%. Lipton finished the year very strongly. In the rest of the world operating profit increased by 15%. Our newly acquired businesses, including tea estates, contributed to this improvement.

The proceeds of disposals favourably influenced net

FULL YEAR 1985

Considering the full year 1985 at comparable rates of exchange, the total value of sales increased by 13% and operating profit improved by 16%. Profit attributable rose by 15%.

In Europe we made significant progress with operating profit up by 28% including a good contribution from Brooke Bond. All product groups contributed to the improvement.

In North America we continued to gain volume against fierce competition. The necessary heavy investment both in new products and in the defence of our established brands caused operating profit to be some 30% down on last year. Much of the investment occurred in Lever Brothers. Volume in detergents grew by 15%, resulting in significant improvements in our market shares. Lipton once again improved both sales and profit. National Starch made satisfactory progress.

In the rest of the world we made progress over last year with sales up by 23% and operating profit by 29%. The severe impact of exchange rate movements in 1985 is clearly shown in our results at closing rates. On this is profit attributable was up 3% in sterling, and in guilders there was virtually no change. The strengthening of most European currencies against the dollar is reflected in an increase of 29% in this currency.

EXTRAORDINARY ITEMS 1984

The results for the fourth quarter 1984 contained an extraordinary charge of £86 million for losses arising. and provisions for estimated losses less surpluses. consequent on the decision to withdraw from certain

We have made good progress towards realising the disposal of the businesses concerned and are satisfied that the provision made in 1984 is adequate.

The extraordinary items for the full year 1984 were the fourth quarter charge noted in the previous paragraph less the £60 million deferred taxation credit reported in the third quarter 1984 following the reductions in rates of corporation tax legislated in the United Kingdom Finance Act 1984.

The extraordinary items were not included in the calculations of combined earnings per share.

THE EFFECT OF BROOKE BOND **GROUP'S FOURTH QUARTER 1984 ON THE 1985 RESULTS**

Unilever acquired control of the Brooke Bond Group plc in October 1984. Sales and operating profit of the Brooks Bond Group for the fourth quarter 1984, £288 million and £17 million respectively, the latter after deducting the finance costs incurred in 1984 by reason of the acquisition, were taken up in Unilever's results for the first quarter 1985.

REVIEW OF THE YEAR

Helped by an outstanding fourth quarter Unilever achieved good results in 1985, to which most parts of the business contributed.

In Europe our programme for strengthening our competitive position is bearing fruit. In the United States our planned investment, especially in detergents, though it has reduced results in the year, met with considerable success. Elsewhere we made good progress. Brooke Bond made a significant contribution.

Exchange rate developments depressed our results in sterling and guilders.

DIVIDENDS

The Boards today resolved to recommend to the Annual General Meetings to be held on 14th May, 1986 the declaration of final dividends in respect of 1985 on the Ordinary capitals at the following rates which are equivalent in value at the rate of exchange on 31st December, 1985 in terms of the Equalisation Agreement between the two companies:-

PLC 26.67p per 25p Ordinary share (1984: 24.03p), bringing the total of PLC's dividend for 1985 to 38.24p per share (1984: 35.52p).

N.V. Fl. 10.16 per Fl.20 Ordinary capital (1984: Fl.9.45), bringing the total of N.V.'s dividend for 1985 to Fl.14.82 per Fl.20 Ordinary capital (1984: Fl.14.11). The PLC final dividend will be paid on 28th May, 1986 to shareholders registered on 29th April, 1986. The N.V. final dividend will be payable as from 27th May,

For the purpose of equalising dividends under the Equalisation Agreement, Advance Corporation Tax ("A.C.T.") in respect of any dividend paid by PLC has to be treated as part of the dividend. PLC's 1985 final dividend now announced has been calculated by reference to the current rate of ACT (3/7ths); if the effective rate applicable to payment of the dividend is different the amount will be adjusted accordingly and a further announcement made.

UNILEVER **REPORT AND ACCOUNTS 1985** AND RESULTS FOR THE FIRST **QUARTER 1986**

The Report and Accounts for 1985, which will also include current cost accounts, will be published on 22nd

The results of the first quarter 1986 will be announced on Monday, 12th May, 1986.

4th March, 1986

FT COMMERCIAL LAW REPORTS

Share exchange is disposal of assets

OF TAXES) V
WOOLCOMBERS LTD
Chancary Division: Mr Justice Hoffmann; February 25 1986

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WHERE A perent company transfers an asset to its subsidiary in exchange for shares, and the subsidiary then sells it to mother sub-idiary, each transaction is a "disposal" by one member of the group to mother so of the group to marcher so that, for corporation lax purposes, silowable loss or chargeable gain on disposal is assessed on the basis that each subsidiary gave a con-sideration equal to the price paid for the asset by the parent company.

Mr Justice Hollmann so held when dismissing an appeal by the Inisad Revenue from a de-cision of General Commissioners that disposal by Subsidiary com-pany Woolcombers Ltd of an asset bought from another company Woolcombers Ltd or an asset bought from another company in the same group, gave rise to an allowable loss for corporation tax purposes.

Peragraph 2 (1) of Schedule 13 to the Finance Act 1965 provides: "... where a member of

13 to the Finance Act 1965 provides: "... where a member of a group of companies disposes of an asset to another member of the group, both members shall be treated ... as if the asset were acquired for a consideration of such amount as would secure that on the other's disposed neither a sain nor a loss

would secure that on the other's disposal neither a gain nor a loss would accrue to that other. "
Paragraph 4 (2) of Schedule 7 to the Act: "... reorganisation ... of a company's share capital shall not be treated as involving any disposal of the original shares ... and the new holding ... shall be treated as the same asset." raragraph 4 (2) or Schedule 7 disposal of the shares in the other Act: "... reorganisation of 2 company's share capital three companies by the parent company to Topmakers. That submission was based on two provisions in the capital shares ... and the new holding shall be treated as the same shall be treated as the same 4 (2) of Schedule 7 to the Pinance Act 1965 and paragraph 6 (1) of Schedule 7:

where a commany issues

Paragraph 5 (1) of Schedule 7:

where a company issues shares . . . to a person in exchange for shares in . . another company. paragraph 4 above shall apply with any necessary adaptations. . . (2) This paragraph shall apply where the company issuing the shares . . . will have control in the other company.

will have control in the other company.

HIS LORDSHIP said that in 1965 the parent company acquired the issued share capital of three companies for £1,270,380.

It transferred the shares to a subsidiary. Topmakers, in exchange for an allotment of shares. Topmakers sold the shares in the three companies to Wookcombers, another subsidiary, for £601,235.

In January 1972 the three companies were wound up. The market veice of assets received the wookcombers in the liquidation was \$801,235.

dition was saushed.

The result, said the Revenue, was that the parent company must be treated as not having disposed of the shares in the three companies or having acquired the shares in Topmakers. Wookcombers had made neither a profit nor a loss.

Mr Park, for Wookcombers, said that on their true construction paragraphs 6 (1) and 4 (2) applied only for the purpose of computing the parent company's tax liability consequent on the exchange of shares, For all other purposes the transaction re-

panies were wound up. The market value of assets received by Woolcombers in the liquidation was \$601,235.

Hospice

Chargeable gains or ellowable Chargeable gains or allowable losses ordinarily accrued to a company on its disposal of an asset. The computation involved deducting the value of the consideration given for the asset from the consideration received for disposal of the same asset.

Liquidation of the three companies was deemed to have been a disposal by Woolcombers of

a disposal by Woolcombers of the shares in consideration of an amount equal to the proceeds of liquidation, namely £601,235. The dispute concerned the amount of consideration for which Woolcombers was deemed to have acquired the shares from Topmakers.

Having regard to paragraph 2 (1) of Schedule 13 to the Finance Act 1965, the General Finance Act 1965, the General Commissioners found that the transfers from the parent company to Topmakers and from Topmakers to Woolcombets, were each disposals by one member of the group to another, so that each acquiring company must be deemed to have given the same consideration as that parent. originally paid by the parent-

Woolcombers was therefore deemed to have acquired the shares for £1,270,380; and the liquidation gave rise to an allowable fost of the difference between that figure and £601,235.

The Revenue attacked that reasoning, It said that paragraph 2 (1) of Schedule 13 had no application in that there was no "disposal" of the shares in the three companies by the parent

Paragraph 6 (2) limited application of the latter provision to two cases, one of which was when the company issuing the shares had or would have control of the other. As Topmakers acquired the entire issued share capital of the three companies, that condition was satisfied.

We will be pleased to tall you how you can help us to care by cash donations, coverants etc.

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The question was whether the mained what in truth it was—a transaction gave rise to an allow-disposal of the shares in the disposal of the shares in the share transaction is not to be three companies by the parent combers for corporation tax pur-

Paragraph 6 applied the rules for a single-company share exchange contained in paragraph 4 (2) to a two-company share exchange "with any necessary adaptations." What adaptations were necessary?

There are two limbs to paragraph 4 (2). The first said that reorganisation should not be treated as involving disposal of treated as involving disposal of the original shares or acquisition of the new holding. The second said that the original shares and the new holding should be treated as the same asset. The purpose of the paragraph was to assimilate successive ownerships of different assets by the same person but not simul-

the same person but not simul-taneous ownerships of different assets by different persons.

Mr McCall, for the Revenue, recognised that it would be absurd to treat the shares in the three companies held after the exchange by Topmakers as the same asset as the shares in Top-

makers held by the parent company.

But he said the only adapta-But he said the only snapta-tion necessary to avoid the absurdity was to construe the second amb of paragraph 4 (2) as not applying to the shares in the three companies in the hands of Topmakers.

of Topmakers.

One could not distinguish between the two limbs of paragraph 4 (2) In that way. They were part of a single tax hypothesis directed in the cases of both paragraph 4 and paragraph 6 solely to the tax consequences of an exchange by one person of one holding of shares for another which had been issued either by the same company or a different company.

It required that person to be taxed as if he had continued to own the same asset.

Since that assumption plainly could not apply to the company which had acquired the original shares, the assumption that there was no disposal or acquisition could not have been intended to could not have been intended to apply to that company either. The "necessary adaptations" required by paragraph 6 meant that its effect must be limited to

transaction for the person who had exchanged holdings. There was no reason or logic in applying it to the person who thad acquired the original shares and subjecting him to the inele-gant hypothesis of having made

the tax consequences of the

an acquisition without a dis-posal.

That construction was supported by Dicta by the Court of Appeal in Floor v Davis [1978] 52 TC 609

that expression clearly denotes a disposal giving rise to a charge of tax. It is not suggested that the transaction is to be disregarded in the sense that the acquiring company is to be treated as a mere emanation of the other company."

His second sentence seemed to make the point that the para-graphs were not concerned with simultaneous ownerships of dif-ferent assets by different persons. The first sentence confined the effect of the paragraphs to the person who successively owned the two different share holdings, since on a disposal it was only he that could incur a charge to

Lord Justice Buckley was even more explicit. He said that para-graphs 4 (2) and 6 (1) "provide graphs 4(2) and 6(1) provide that a disposal of assets to which they apply shall not for the purposes of a charge to tax be treated as a disposal. This does not mean that such a disposal is not a disposal . . . but that . . . it shall not be taxed as such."

That easing suggested that the

it shall not be taxed as such."

That again suggested that the paragraphs only affected the position of the person who would otherwise incur a charge to tax as a result of the transaction.

The policy of paragraph 2 (1) of Schedule 13 was to recognise that in the case of transactions between members of a group of companies the legal theory that each company was a separate entity did not accord with economic reality.

Paragraph 4 (2) also favoured economic reality over the legal

theory that every share in a company was a separate asset. All the provisions with which the case was concerned were directed to neutralising the tax effects, which were disposals in legal theory but not in real life.

It would be strange in the combination of those provisions was to give tax significance to a transaction (the acquisition of the shares in the three companies by Topmakers from the parent

company) which it was the policy of each of them separately to The appeal was dismissed. For the Revenue: Christopher McCall (Inland Revenue solici-

For Woolcombers: Andrew Park (Herbert Smith & Co). By Rachel Davies Barrister

THESE REPORTS, together with That construction was sup-orted by Dicta by the Court of uppeal in Floor v Davis [1978] Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD, Phone 01-631 0391.

APPOINTMENTS Senior posts at BP

Mr Ian G. S. Hartigan is to become president of BP North America Inc, New York, in place of Mr J. C. E. Webster. Mr Hartigan is currently the managing director of BP Shipping. Mr Roy Chase is to become group treasurer and chief executive of BP Finance International, London, in place of Mr E. J. P. Browne. Mr Chase is currently assistant general manager, gas development (UK). These changes follow the appointment of Mr Webster and Mr Browne to The Standard Oil Company in director. He will remain group of Mr Webster and Mr Browne to The Standard Oil Company in the US, a majority-owned sub-sidiary of BP where top execu-tive changes were announced last week (Financial Times.

February 28). Mr Roy Thomas, finance director of Fisons, has been appointed a non-executive director of BESTOBELL. Mr Gordon A. Lovett joins Bestobell's controls and instrumentation group as managing director. bell's controls and instrumenta-tion group as managing director. His responsibilities include Bestobell Mobrey and the newly-amalgamated Bestobell Sparling and Bestobell Meterflow. He was managing director of Evershed & Vignoles, a defence products manufacturer in the Bestobell Group.

KLEENEZE HOLDINGS bas appointed a new managing director for its direct retailing division, Kleeneze Shopping at Home. He is Mr Ken Sellers.

Mr Jim Summers is the new regional operations manager for SCOTRAIL. He succeeds Mr Viv Chadwick who has been appointed deputy general manager, ScotRail. Mr Summers was deputy regional operations manager.

Thempson as an executive director. He will remain group secretary.

Mr Christopher Heath and Mr Mr Christopher Heath and Mr Richard Onians have joined the board of BARING BROTHERS & CO. Mr Heath is managing director of Baring Far East Securities and Mr Onians is managing director of Baring Brothers Hambrecht & Quist. Appointed assistant directors are Mr Ian Cooper, Mr Christopher Steane, Mr Richard Orders and Mr John Verulam,

*
Mr Hugh Stewart has been appointed a non-executive director of LLOYD INTERNATIONAL. He is an investment manager at Electra Investment Trust.

Mr John T. Davey has been appointed non-executive chair-man of LEE INTERNATIONAL He is also chairman of Humphries Holdings, a wholly-owned subsidiary of Lee Inter-national, an executive director of BET and a director of Thames Television, and Wembley Stadium Mr Colin S. Wills has manager, ScotRail. Mr Summers been appointed a non-executive was deputy regional operations manager.

Mr Alan Thompson has been appointed a non-executive director of Lee International. He is managing director of Humphries Holdings. He is a director of BET Leisure Holdings, APCEL, a Slough-based, bio-

U.S.\$150,000,000

Bank & Treland

(Established in Ireland by Charter in 1783, and having limited liability)

Undated Floating Rate Primary Capital Notes

in accordance with the provisions of the Notes, notice is hereby given that for the three month interest Period from March 5, 1986 to June 5, 1986 the Notes will carry an Interest Rate of 81/9% p.a. The interest payable on the relevant interest payment date. March 5, 1986 will be \$207.64 per \$10,000 principal amount and will be paid only through Cedel S.A. and the Euro-clear Operator.

By: The Chase Manhattan Bank, N.A. London, Agent Bank.

March 5, 1986



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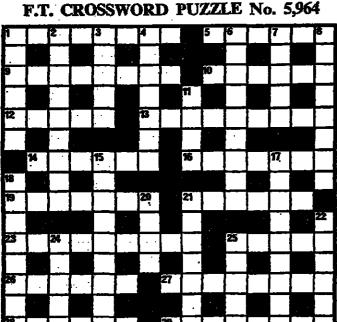
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The Princess Alice
Hospice
We can for the targeton B of all denominations. We urgarity need denominations to assist us with our purpose content of more than \$200,000 p.a.

ACROSS 1 A mere lad having the makings of a poet (2, 2, 4)
5 Reliable night-fliers backed by the French (6)
9 Males score in intellect (8) 10 Speak about a point and 11 Many a fool gets service (4) elaborate (6)

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12 Awfully terse, so put in a different position (5)

13 A company—one a large number left (8) 14 Harm caused by for example a quite unreasonable backer (6)

16 A relative moves over (7) 19 Assistant wanting article 21 Engineers record this and improved (7) go in again (2-5) improved (7) go in again (2-5)
21 To do with a kind of holiday 22 Value credit-entry in the centre (6)

depression (6)

23 Transport for the patient 24 With reduced cover, stop traveller (9)

25 A singer's alternative to a 25 Tired out, but made an certain number (5) effort (5) 26 Short bar put straight (6) 27 Having to walk by a set of

good books appears harsh (8) 28 Childish complaint as a re-

sult of the endless hustle (6) 29 Well-organised director one's obligated to him (8)

1 Modest letter about strange upbringing (6)

2 A painting of the country's bead (9) 3 Some may soon become antiquated, it's implied (5)
4 Note left—still free (7)

6 That exhausted feeling of new residents (9) 7 Keeping a supporter in mind (5)

The egghead people ring when making changes (8) 15 Animals need neat ship-shape runs (9) 17 Most foreign streets are out of line (9)

18 Bill turned up with a seaman to work—such a comedown (8) 20 The money's right as well!

and about-turn (5)

Solution to puzzle No 5,963



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Financial Times Wednesday March 5 1986

March 5

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GOLD 100 troy oz, \$/troy oz

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PLATINUM 50 troy oz, \$/troy oz

SILVER 5,000 troy oz, cents/troy

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LIVE CATTLE 40,000 lbs. cents/lbs

LIVE HOGS 30,000 ibs, cents/lbs

MAIZE 5,00 bu min, cer

Close 53.62 55.57 56.65 55.55 59.90 59.90

SOYABEAN MEAL 100 tons, 5/ton

37.74 March 155.7 — 155.0 38.40 SOYABEAN OIL 60,000 lbs, cents/lbs 39.32 Close High Low Prev 40.15 March 15.99 17.18 16.78 16.76

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SUGAR WORLD "11"

CHICAGO

Prev LIVE 2012 2049 April 2091 June 2118 Aug 2130 Oct 2160 Pec 2166 Feb

Prev MAIZE \$3.25 \$3.85 \$4.10 May \$4.85 July \$5.00 Sept \$5.75 Dec \$5.75 March \$6.45 May \$6.45 PORK \$

E "C" 37,500 lbs; cents/lbs

Latest High Low Prev
251.08 251.50 230.50 233.40
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MALYE

High Low 54.46 52.80 64.06 63.10 65.85 64.25 68.15 64.75 66.60 65.30

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42.10 38.60 37.70 37.69 38.60 39.40

41 EO

41.50 41.50 41.50 41.75 42.25 42.90 42.15 41.75

ORANGE JUICE 16,000 lbs; cents/lbs

Mar... 115.70 - 114.00 +0.28 May... 118.50 -0.10 117.00 +0.38 July ... 119.80 +0.29 - ... 55 -0.05 Mov... 102.60 -0.10 101.66 -0.10 Mov... 102.60 -0.10 101.66 -0.10 Jan ... 106.10 -0.10 105.15 -0.18

GRAINS

WHEAT

SUGAR

S per tonneF.O.B.

Sales: 2.334 (2.595) lots of 50 tohnes.
Tate and tyle delivery price for granulated basis augar was £219.50 (£214.50) a tonne for export.
International Sugar Agreement—(US centa per pound fob and atowed Carlibbean ports). Prices for March 3: Deliy price 6.22 (5.77): 15-day average 5.66 (5.61).

41.50 41.90 41.00 41.00 41.00 42.25 42.90 42.15 41.75 41.75 41.75 41.75 42.90 42.15 41.75

BARLEY

BY WALTER ELLIS

OFFICIALS at the Department of Trade and Industry were accused by a Commons Select Committee yesterday of refusing to keep ministers informed of the troubles of the international tin market both before and after the crisis broke last October.

Mr Peter Morrison, the Trade Minister, was asked repeatedly during a session of the committee on trade and how much British tax payers manstry to give details on

stood to lose as a result of the tin crisis. He did not answer and eventually admitted that only his officials possessed the necessary informa-

tion. Sir Peter Emery, Conservative MP for Honiton, imme-diately said the situation was unbelievable. Mr Morrison replied: "It certainly has proved to be unfortunate." The committee then turned to Mr Michael Lunn, an assistant secretary at the department concerned with tin issues. Could he give the information required?

Mr Lunn said that the total sum of international indebtedness had been discussed by officials and the UK Government's possible losses had been assessed. Minister, however, had not been informed. the Tory member for Tiverton and one of the committee's most formidable interroga-gators, asked Mr Lunn why he Mr Robert Maxwell-Hyslop,

had not told ministers. Mr Lung replied: "The options for ministerial action to correct this situation were limited."

The committee's chairman, Mr Kenneth Warren, Tory MP for Hastings and Rye, inter-vened to say that if mistakes had been made, the committee would prefer to know about it. It appeared that large amounts of tax-payers' money was just swilling around and no one was talking about it.

Another ITC bank breaks ranks

month. News of the sate, which emerged yesterday, immediately increased the tension surrounding attempts to negotiate a The banks yesterday sent a the rescue talks.

THE BANK of Nova Scotia, which is owed money by the International Tin Council, has broken ranks with its fellow bank creditors and sold the tin it held as security.

It is the third of the 16 banks owed money by the ITC to sell metal, after Banque Indosuez and Arab Banking Corporation which made disposals last month. News of the sale, which emerged yesterday, immediately increased the transion surround
a deadline of midnight tonight on the rescue plans which insoluted in on the rescue plans which insolute in on the rescue plans which insolute insolute in the said that more time to today. One said that more time to today. One said that more time to today. One said that more time to council's tin stockpile and sell it off to meet its debts.

One banker said that the almost the shape of a memorandum of the shape of a memorandum of understanding about 10 days ago. Outstanding issues include raising the fill5m which the governments are expected to metal takes to at least 3,000 tonnes, and perhaps to 5,500 tonnes, and perhaps to 5,500 tonnes, and London Metal Exchange to contribute to the rescue along-time the council's 22 member governments will all today. One said that more time to today. One said that more time t

brokers, who are together owed side cash from the creditors, The disposals have not de brokers, who are together owed hundreds of millions of pounds, to maintain a united front in the rescue talks.

TTC delegates are very un
side cash from the creditors, the disposals have not deposal programme. So far the plan has the appreciably, with tin trading at public support of the UK and of Australia though other mem
tonne yesterday.

values By Richard Mooney

Upturn in

farmland

SIGNS OF a possible upturn in British farmland prices appeared yesterday with the publication of the latest set of sales data by the Ministry of

While the average price of vacant possession sales reported for the three months ended January was well down (£3,676 per hectare against £4,017 for the October/December quarter) the weighted average (which allows for size group and area variations) was up £194 at £4,394 per ha, and the land price index was up 10 points at 226 (1973=100).

The figures are only provisional, however, and could change as further sales in the period are reported.

● TEA prices at Monday's weekly London auction were generally unchanged to a little higher. Medium grade tea averaged 150p a kilo, up 4p from last week's sale, but the quality and low medium grades kilo respectively. There were 32.337 packages on offer, including 2,400 in the offshore

slightly exceed the EEC quota in the 1985-86 marketing year, according to the Milk Market-ing Board. The cumulative total for the year, which ends at the end of this month, is still behind the quota rate but the gap is narrowing and current trends indicate that the quota may be exceeded by about one day's supply, the Board said. This could result in a "very small" EEC levy on over-quota US will harm regional econmay be exceeded by about one

Production of a wide range of products, from vegetables to flowers, is on the increase, with

three years, and tariffs against its products elsewhere in

Europe are set to disappear

areas of Spain's agricultural industry, is faced with a daunting list of problems involving structure, climate,

Nor is the 10-year transition

period before most Spanish fruit and vegetables will be

admitted to Community markets duty-free likely to lead

to the sort of instant boom

which farmers elsewhere in the EEC have been professing to

Citrus fruit is the largest of

Spain's horticultural exports.

Sales abroad in 1984-85 exceeded

per cent against them compared with rates of only 8 and 4 per

cent respectively against the two

biggest rivals, Israel and Morocco. With plantings in-

ful "easy-peelers" such as sat-

sumas and clementines.

technique and management.

But horticulture, like other

gradually.

Untidy end to cocoa pact talks

BY WILLIAM DULLFORCE IN GENEYA

DECISIONS ON "r, ssible Efforts to negotiate a new effective econ future arrangements" to reagreement broke down last be finalised." Producers Agreement will be taken before biggest producer, announced it lieve that this wording left the consumers said in a joint deconsumers said in a joint deconsumers said in a joint deconsumers said in a joint decomposition of the United Nations Cocoa Contine that an agreement described as "day dreaming" by the taken the Language Construction of the Contine that an agreement described as "day dreaming" by the language construction of the contine that an agreement described as "day dreaming" by the language construction of the contine that the language construction of the construction of the contine that the language construction of the constru The conference, which failed

to negotiate a new price-supporting agreement to replace the one due to expire at the end open the door for the extension

Geneva on July 2

without the Ivory Coast would

The producers yesterday de-layed the closing of the con-ference by trying to obtain agreed on will be concerned of September, ended untidily changes to the wording of the with producers trying to keep declaration, that would not preopen the door for the extension clude some kind of new agreeof the existing agreement in ment with economic provisions ment, so that it does not create

in London on June 2. The UN to ensure "sufficient participa- arrangement that would obviate conference will be recalled in tion to enable a new inter- the need for dismantling the national cocoa agreement with buffer stock.

Efforts to negotiate a new effective economic provisions to

Producers appeared to be by a delegate from one consum ing country.

primarily with ways of handling the 100,000-tonne buffer stock at the explry of the existing agree-

some form.

Mr Rene Montes, the president of the conference, will hold consultations with producers and consumers at the meeting of the ICA executive committee conference had not been able form of price-stabilising to the ICA executive committee.

US studies Caribbean sugar plea

be meaningless.

BY CANUTE JAMES IN KINGSTON

THE REAGAN Administration is studying proposals for an increase in US imports of sugar from Caribbean countries group's US quota had been indicate a date for the meeting. It was not clear whether the use again use of surplus use agricultural produce.

The sugar producers association of the Caribbean meeting shortly to discuss the plan, Mr Seaga said. He did not indicate a date for the meeting. It was not clear whether the caribbean proposal to President tonnes for 1985-86.

Mr Edward Seaga, Jamaica's Mr Edward Seaga, Jamaica's
Prime Minister and Finance
Minister, said the plan was
discussed last month by
Caribbean leaders and President Ronald Reagan when they
mat in Gropped met in Grenada.

Mr Seaga's announcement follows several months of complaints from sugar exporters

Onions, with annual output of

Continuing our

series on the new

EEC members

a special

correspondent

assesses the

prospects for

Spain's fruit

and vegetables

industry

2m tonnes for the first time, abolition of the 12 per cent duty inspite of an EEC tariff of 12 will make them more competition the Common Market after

tive against British, French and

Potatoes. About a third of the 250,000 tonnes Spain grows every year are exported. The

creasing, production in 1984 was a record 3.9m tonnes, although it dipped last year when a January frost destroyed 1m tonnes of fruit.

every year are exported. The first of these is labour costs, which may not be able to resist the EEC's influence are from other parts of any more than British ones did after the country joined in 1973.

Spain is also putting a lot techniques; and the present of effort into developing new from 15 to 21 per cent, is among strains, particularly its successful "easy-peology" such accessthe highest.

Other big Spanish horticul.

Other big Spanish horticul.

tural products include:

Tomatoes, production of which last year exceeded 2m hectares, of which more than which last year exceeded 2m hectares, of which more than British levels (£4.50-£5.00), tonnes, including exports of half is irrigated and sheltered Spanish produce would risk

370,000 tonnes. Sales to Europe with plastic. English traders being priced out of markets. have been rising, output is virestimate that the 22m stems of Quality control is another tually year-round, the industry cut flowers which Spain area in which Spaniards admit

other supplies.

the highest.

flowers, is on the increase, with considerable amounts being spent on extending plantings, putting production under glass or plastic and developing new varieties. Spain hopes to extract some Ptas 70bn from Brussels supplies are tailored to buyers and the exempts.

for agriculture over the next requirements, and the eventual

arrangement whereby they swap some of their surplus agricultural production for sugar," the Jamaican Prime Minister said. He said that some points of the proposal still had to be clarified by both the Caribbean governments and the US Administration.

tional EEC suppliers in North Africa and the Middle East— for which the Community has

promised to preserve market access. Nor is it as though membership is opening doors that have hitherto been closed

to Spain, which is already the

THE CAP

the US and Brazil.

life under the CAP.

he highest. Some people in the industry Flowers are another Spanish believe that if Spanish farm

The sector faces several serious obstacles in adjusting to

The first of these is labour costs, which may not be able

ENLARGES

EEC hurdles for Spanish horticulture

IF THE benefits of EEC is becoming more efficient and exported to the UK in 1984/85 to being less than fully-membership look decidedly its impact within the EEC will will have almost doubled by equipped for flexing hortimized for Spanish farmers, that does not appear to have deterred those involved in one cut The invention to export the street of the UK in 1984/85 to being less than fully-will have almost doubled by equipped for flexing hortimized by the prospect of cultural muscles in the EEC. One criticism is that Spain is deterred those involved in one cut The invention to export the street between 17 and 24 indiscriminate in the use of

sector at least—horticulture— out. The incentive to export is per cent and by an increase in inorganic fertilisers and agrofrom investing and planning for also there, as tomatoes bring in total demand for flowers.

a major expansion.

The incentive to export is per cent and by an increase in inorganic fertilisers and agrochemicals at a time when conbetween two and three times as the export is per cent and by an increase in inorganic fertilisers and agrochemicals at a time when conbetween two and three times as the export is per cent and by an increase in inorganic fertilisers and agrochemicals at a time when conbetween two and three times as the export is per cent and by an increase in inorganic fertilisers and agrochemicals at a time when conbetween two and three times as

much money when they are sold abroad as at home.

Cases Spain will not be at any great advantage over the tradi-

Mr Seaga said the US farm of other sugar exporters in the produce which the Caribbean countries intended to take in increased quantities included the reduced US import quotas would have an adverse effect on its sugar industry and Its

The English speaking Caribbean sugar exporters had made vain efforts to reduce the impact of the quota reductions by the US, joining other Caribbean and Central American producers in seeking higher, not lower quotas.

that enforcement of the rules

is too lax. Reform will take

The lack of appropriate home-

grown skills has long been recognised as a problem.

Spanlards say that during the

Franco years research and development in agriculture lagged, so that the country had

It is trying to catch up, to

put more emphasis on the laboratory and less on the hoe, but funds are scarce and the

process may take years. Some foreign experts see too large a gap between the best and the worst of Spanish horticulture

and not enough seepage of knowledge from research insti-

tutes down to the people tilling

There are difficulties, too, with marketing structures: for

example, in citrus, where the

Government upset exporters by

transferring promotional func-

tions to an agency under the

Commerce Secretary; or in

And a problem which afflicts

Spain's horticulture as a whole,

preventing further expansion

and raising costs, is a shortage of water throughout the south

and east. Spain is Europe's most irrigated country, with more than 3m hectares served, but

the large increases in irrigated

area sometimes predicted look unlikely to say the least.

pumped from subterranean sup-

plies, and laws have lately been

passed in some areas banning more irrigation, Tourism and

agriculture are competing fiercely for what water there is,

and the former seems to be

appeared on February 26.

winning.

Salinity has increased alarmingly, as too much has been

to go abroad for expertise.

However, in most of these sumers are unprecedentedly sases Spain will not be at any sensitive to the dangers of reat advantage over the tradi-

time.

LONDON **MARKETS**

on the London futures market as the delegates who have failed to negotiate a new price-supporting International Cocoa Agreement at their three-week session in Genera packed up and went home. The May price dipped to within £1 of the 27-month low reached last week before ending the day £38 down on balance at £1,518.50 a tonne. Apart from depression about the failure of the Geneva talks dealers said the fall was influenced by a sharply lower New York tone, and firm sterling against the dollar. They also said there was talk that Brazil had sold more new that Brazil had sold more new crop supplies. In contrast the coffee futures market regained most of Monday's sharp decline, with the May position ending £95 up at £2,617.50 a tonne. Once again the movement was linked with the performance of the New York market. The London daily sugar price was fixed another \$10 higher at \$166 a tonne but futures \$166 a tonne but futures values ended only marginally

COCOA PRICES fell sharply

higher on the day.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Unofficial + or : close(p.m.) — High/low 2 per tonne Cash | 786-7 | -5 785.5/785.5 3 months | 812.6-3| -4.75 | 618/808 Official closing (sm): Cash 785.6 (789.5.90); three months 810-1 (815.5-6): settlement 786 (790). Final Kerb close: 810-11. Turnover: 11,225 tonhes.

COPPER

Higher grade: Unoffic'li +or High flow Official closing (sm): Cesh 977.5-8 (988-5); three months 997-.5 (1.008-.5); settlement 978 (988.5). Final Kerb close: 983.5-4.

Cathodes Cash 5 months 958-60 | -7.5 988-90 | -7.5 Official closing (am): Cash 955-7 (976.5-7); three months 994-8 (1.006.5. 7); settlement 967 9(77). Turmover: 40,025 tonnes. US Producer prices 66.5-73 cents per pound.

	Unoffic close(p.i	- ! High:	Highde	
ash nonths	252-3 262-2		255:2: 265:2	
Official	closing	(am):	Cash 253	-

Unical Closing (am): Cash 23-5 (256.5): three months 283-5 (256.5): settlement 283-25 (257). Final Kerb close: 282-3. Turnover: 3,990 tonnes. US Spot: 18-20 cents per pounds.

NICKEL

	close(b	r month	High/low
Cash 5 months	2815-25 2886-5	· —22,5 · —25	2880/2850 2825/2670
Official (2,835-40); (2,710-11); Final Kerb	three settler	months nem 2,85	5 (2,840).

Kusle Lumpur Tin Market — Close 20.81 ringgit per kg, up 0.16 ringgit.

İ		close(p.m.) -	High /low
	Cash 3 months	427.5 8.5 + 2.5 440-1 + 2	448.5:441 446:437
	(4265); to settlement class; 437-	closing (am): Cr hree months 4415 429 (425.5). Fr -9. Turnover: 8.67 Western: 30 5-35 75	(439-40); inst Kerb 5 tonnes.

Gold rose \$1½ an oz from Monday's close in the London bullion market yesterday to finish at \$337-3-37½. The metal opened at \$337-3-37½ and touched a high of \$339-3-39½ and a low of \$336-337‰. The irmer trend was prompted by a fall in the value of the dollar although gold fall back during the afternoon in thin and nervous

GOLD SULLION (fine ounce) Mar. 4

Close...... \$337-3571₂ (£251-2511₂) Opening .. \$3371₄-3375₄ (£2531₄-2355₄) Wini's fix. \$337.90 (£235.15) Aftin'n fix \$337.15 (£230.058) GOLD AND PLATINUM COINS Kr'g'r'nd, \$339.33912
12 Krug. \$17912-180
14 Krug. \$17912-180
14 Krug. \$17912-38
Mapleteat \$348.34812-3814
110 Angel \$354-3854
110 Angel \$3554-3854
110 Angel \$3554-3854
110 Angel \$408.485
110 Sov. \$8112-82
12New\$0x \$4612-85
00d \$0x. \$6812-85
820 Eagle \$440 480
NoblePlat \$408.418 (£232.2321₄) (£1221₄.1231₄) (£621₄.63) (£251₄.26) (£238.2581₂) (£238.2511₂) (£23.26 t₂) (£23.26 t₂) (£551.55) (£3314.331₂) (£5914.601₄) (£301 3281₂) (£27914.2821₂)

Silver was fixed 8.75p an oz lower for spot delivery in the London builtion market yesterday at 384.85p. US cent squivalents of the fixing levels were: spot 556.7c, down 8.3c; three-month 567.15c, down 9.15c; and 12-month 599.35c, down 9.15c; and 12-month 599.35c, down 7.7c. The metal opened at 3834-385p (554-555c) and closed at 3783-380-2p (553-555c).

SILVER Sulfion + or L.M.E. + or p.m. troy Price Unoffic's Spot 384,45p -8,75 380,6p -5.8 5 months 396,00p -2,59 391,8p -4.5 6 months 405,75p -8,38 - -12 months 421,65p -9,2t, - -

LME—Turnover: 45 (49) lots of 10,000 oz. Three months 396p, law 392p, finel kerb 380-382p,

JUTE—March/April 1986 c and f Dundee: BTC \$420, BWC \$420, BTD \$360, BWD \$360; c and f Antwerp: BTC \$400, BWC \$400, BTD \$350, BWD \$350. RUBBER phies, and laws have lately been passed in some areas banning more irrigation. Tourism and agriculture are competing alercely for what water there is, and the former seems to be winning.

The first article in this series may be a competed on February 26.

CROSS STATE OF THE
US MARKETS

PRECIOUS METALS recouped early losses to close higher on short-covering linked to an oversold condition and fresh trade demand in platinum, reports Heinold Commodities. Copper and aluminium traded sharply higher on reports of Japanese buying. Sugar attracted good support on interest in eash markets. Cocoa weakened on Brazilian producer sales. Coffee rallied sharply as roaster interest re-emerged. Cotton firmed on short-covering linked to mill price fixing. The energy complex remained steady on light bargain hunting buying. A Mexican buying tender along with slack farmer selling led to a firmer tone in the soya-

bean complex. NEW YORK

Close 55.85 56.90 56.35 56.96 57.55 58.45 58.75 59.35 59.96 60.55

COCOA 10 tonnes, \$/tonnes

COPPER 25,000 lb, cents/lb

COTTON 50,000 lbs, cents/lbs

CRUDE CIL (LIGHT) 42,000 US gallona; S/barrels

Close High Low
12.27 12.60 12.15
12.56 13.10 12.40
12.80 13.50 12.70
12.87 13.60 12.90
13.15 13.80 13.15
13.30 13.70 13.30
13.50 14.00 13.55
14.00 14.00 14.00
14.08 14.85 14.10
14.40 14.80 14.40

HEATING OIL 42,000 US gailons; cents/

ALUMINIUM 40,000 lb, cents/lb

March April May July Sept Dec Jan March May July Nickel 187/207c + 2 | 175-185c |
Free Mkt. 187/207c + 2 | 175-185c |
Palladium oz 8105.40 - 1.85 596.00 |
Platinum oz 8397.00 - 1.57 8351, 25 |
Quicksiver 1 8250 249 8229/250 |
Silver troy oz 384,45p - 8,75 426,906 |
3 months 396,00p - 9,30 439,65p |
Tin cash 596,00p - 9,30 439,65p 3 months ... \$62.78 -3.54 \$63.71

Tungsten ... \$62.78 -3.54 \$63.71

Wolfram 22.00 556 63 ... \$56.63

Zinc ... £428 +2.5 £450.3

3 months ... £440.5 +2 £462.88

producers ... \$656.670 ... \$660,700 COFFEE "C" 37,500 lbs; cents/lbs

INDICES

REUTERS

DOW JONES

FINANCIAL TIMES

Mar. 4 Mar. 3 M'th ago Year ago

Mar. 4 Mar. 5 Mith ago Year ago

1832,21827,3 1844.5 2024.8

(Base: September 18 1931 = 100)

Dow Mar. Feb. Month Year Jones 5 28 ago 1 ago

Spot 127.73 127-55 — 117.12 Fut. 131.57 132,04 — 120,12

(Base: December 31 1931 = 100)
Not available due to suspension of tin LME

MAIN PRICE CHANGES In tonnes unless otherwise stated.

ted. t Per 75-lb flask, c Cents

Beef prices rallied sharply with frash buying triggering stop-loss buying, reports Eastern Capital-CCST. PIGMEAT
Y'day + or Y'day + or Close p. per klio (dasdweight)

Pigmeat seles: 35 (28) lots of 50 carcases, 3,250 kg.

Beef sales: 84 (25) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets,
GB—Cattle 95.75p per kg lw (+0.29);
GB—Sheep 213.50p per kg est dcw
(+12.49); GB—Pigs 77.90p per kg lw
(+2.83)

April May June July April May June July Aug June July Aug June July Aug Learn Hough the Inmit-down level. Producers were rejuctant to re-enter the market whilst consumers made light scale-down purchases only reports. scale-down purchases only, reports Gill and Duffus.

Yesterday si Close + or Business 2 per tonne March. 1523-1530 -35.0 1564-1621 May 1518-1519 -38.0 1560-1516 July 1546-1549 -38.5 1582-154 Sept. 1573-1574 -41.0 1516-158 Dec. 1601-1602 -37.5 1885-182 March. 1630-1651 -36.0 1885-162 May 1650-1653 -34.5 1675-186

Sales: 10,492 (1,190) lots of 10 ICCO indicator prices (US cents per pound). Daily price for March 4: 96.57 (97.53): live-day average for March 5: 67.68 (98.15) 97.98 (99.16).

COFFEE

The market moved steadily higher against e total lack of selling. Monday's liquidation forced out the weaker long holders and yesterday's movement appears to have corrected this downside move. Light physical offtake in the moming helped to steady levels. reports Drexel Burnham ievels. Lambert.

COFFEE Yesterdy's + or Business Done March 2520.26 +72.5 2628 2835
May 2615.20 +95.9 2819 2465
July 2690.00 +95.5 2765-2835
Nov 2780.90 +65.8 2776-2835
Nov 2780.90 +65.8 2776-2835
Mar 280.00 +65.8 2776-2835
Mar 280.00 +65.0 2776-2205
Mar 280.00 +65.0 2776-2205

FREIGHT FUTURES

Dry cargo rate; came under pressure in the morning, but support had emerged by the close. Despite an improvement in Gull/ARA (Amsterdam—Rotterdam—Antwarp) business, the market's confidence has been avoided through declining Far East rates. ! Close | High/Low | Prev.

Dry Cargo

April | 853/835 | 836/831 | 838/839
July | 740/742 | 742/741 | 746/747
Oct. | 849/852 | 852 | 850/860
Jan. | 860/865 | 866/862 | 860/865
April | 937/943 | — 940/943
July | 755/810 — 766/810
Oct. | 890/908 | — 890/908
Jan. | 870/940 | — 910/960
BF| | 783 Turnover: 89 (95).

Mar. 822.5/829 835 April 780,799 790 May 780,810 800 June 750,830 90 June 910,1000 90 BTI: 878

Glose | High/Low | Prey.

Tumover: 70 (47). SOYABEAN MEAL

Prices dropped 50p on stronger currency but good commercial support was noted at the lower and of the range. Good professional spreading was also noted in an otherwise quiet market, reports Muispace.

SPOT PRICES—Chicago loose lard 12.00 (13.00) cants per pound. New York tin 450-515 cants per pound. Hardy and Herman silver bullion 557.0 (550.5) cents per troy ounce. May 292.4 288.4 282.0 July 254.4 282.0 254.0 Sopt 259.2 264.2 255.0 Dec 269.0 275.0 288.0 March 274.0 ---No. 6 cil contract—May 174.4-4.6; Aug 180.0-1.0; Oct 183.8-4.0. Sales: 1,727 (2,024). Old crops eased on early March retendering pressure, but rallied on commission house and shipper support. New crops ancountered hedge selling and shipper short-term profittaking against modest speculative buying interest, reports T. G. Roddick. PARIS—(FFr per tonne): May 1,310.
1,312, Aug 1,348-1,351, Oct 1,389-1,381, Dec 1,410-1,423, March 1,479-1,483, May 1,515-1,534,
Sales: 436 (747) lots of 20 tonnes.

POTATOES The market opened 50p down before immediately recovering with keen buying interest rapidly pushing values to 51.00 up on the opening call. Strong buying interest persisted throughout buying interest persisted throuthe afternoon, reports Coley Herper.

Month close close done £ per tonne

Business done—Wheat: March 115.70-555, May 118.55-8.40, July 119.80-9.40, Sept 99.60-9.50, Nov 102.60-2.50, Jan 106.10 only. Seles: 244 lots of 100 tonnes. Barley: Merch 114.10-4.00, May 117.10-5.75, Sept 97.95-7.30, Nov 101.60-1.50, Jan 105.50 only. Sales: 81 lota of 100 tonnes. Apr 96.60 93.10 96.60.92.50 May 104.30 100.30 104.80-101.00 78.20 78.30 78.10 Feb.... 98.80 99.00 ... Sales: 615 (1.094) lots of 40 tonnes. Earlies—July 91.00, unchanged, 91.00; Aug 70 00, +5.0; Sept 62.50, -2.5. Sales: 13 (0) lots of 10 tonnes. OIL

Crude oil trading was almost at a standstill. May Brent sold at \$11.86. A large number of stated March North Ses cargoes were on offer. On Nymex April WTI opened 7c down and traded 2c down at 1.30 pm EST.

1.50. Jan 105.50 only. Sales: 81 lota of 100 tonnes.

L-NEDON GRAINS—Wheat: US dark northern spring No. 1 15 per cent April/May 123.25. June 122.25 transshipment east coast. US No. 2 soft red winter June 97.50 sellers. EC first-half March 143. English feed fob customs cleared 120.00 buyer. March 18.50 seller. April 119.50 buyer. May 1200.00 seller. April 119.50 buyer. May 1200.00 seller. April 119.00 US. Sept 102 sellers. Oct 104.00-105.00. Oct 106.25/107.00, Jan/March 112.00-112.50 buyer/sellers. June 123. Sept 102 sellers. Oct 104.00-105.00. Oct 106.25/107.00, Jan/March 112.00-112.50 buyer/sellers. April/June 116.00 buyer east coast. Meize: US No. 3 yellow/French transshipment east coast first-half March 143.50. Barley: English leed fob April 118.50. May 120.50 sellers, July/Aug 98.25 buyer, Aug 99.00 sellers. Rest unquoted. HGCA—Locationsl ex-farm spot pness. Feed barley: S. East 113.50, N. West 111.50, W. Mids 111.90, N. West 111.50, W. Adaps 1.23. Latest + or — CRUDE OIL-FOB (5 per barrel)-March Arab Heavy

PRODUCTS—North West Europe Prompt delivery cif (\$ per tonne) * April Petroleum Argus estimates 6.30 pm.

LONDON DAILY PRICE—Raw sugar \$166.50 (£175.00), up \$10.50 (up £8.00) a tenne for March-April delivery. White sugar \$190.00, up \$9.00.
A fresh buying tender from India enabled prices to consolidate Monday's geins, reports C. Czarnikow. GAS OIL FUTURES No. 6 Yest'day's Previous Gueiness Conciose Close Close Month Close - Business

Month Close - Done 5 US May 154.2-154.4 154.4-154.8 156.6-162.8 Aug 180.2-189.6 159.4-168.0 161.6-162.8 Oct 180.2-163.8 164.6 165.8 162.4 Dec. ... 188.0-162.8 188.0-167.6 167.2 Mar. ... 175.0-175.2 174.4-175.4 175.2-174.8 May ... 175.0-179.2 179.2-179.0 178.6

Turnever: 5,648 (4,890) lots of 100 CRUDE Oil. FUTURES—Brent Bland Index. S 6 berrei (Close, change, business done): Index 12.75, —0.91; April 12.40-13.00; May 11.80-12.10; June 12.10-13.30; July 12.30-13.40, Turnover: 0 lots of 1,000 berrels.

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL

Further

FUTURES

viously.

FOREIGN EXCHANGES

303

(0.05) Ba (00)

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High In a 22 and a 22

28 900 Dr. 000

12.41 120 tota 1:

100 Miles (100 Miles (

SES

ها فازده در مستطنه و سند در در

Dollar loses ground

The dollar fell to its lowest level since November 1981 against the D-mark restorday in very nervous and erratic trading. A number of conflicting factors indicenced the market. There was increasing speculation that the West German Bundesbank may reduce its discount rate at tomorrow's meeting of the

the West German Bundesbank may reduce its discount rate at tomorrow's meeting of the central council while a surprise 6.6 per cent in US leading economic indicators, compared with expectations of a 0.3 per cent rise, provided further pressure for a cut in the US discount rate. Before the announcement the market had appeared hesifant and although dollar sentiment remained bearish, the market lacked sufficient conviction to establish the dollar helow the psychologically important DM 220 level.

It did touch a low of DM 21925 bitl soon recovered to trade above DM 2.20. However there was little follow through demand and the dollar failed to break through DM 22100, falling back to close at DM 2.1990 from DM 22185. However it was soon recovering in New York trading to be quoted at DM 2.2020.

Against the yen the dollar failed to break through DM 2.2195, down from Y179.55 and its worst closing level since October 1978. Eisewhere it dipped to FFr 6.7675 from FFr 6.8325 and SFr 1.8710 compared with SFr 1.8715. On

Mar, 4 Prev. close £ Soot | \$1,4635-1,4645 \$1,4430-1,446 1 month | 0.61 0.58pm | 0.62-0.61pm 6 months | 1.62-1,67pm | 1.68-1,62pm 12 months | 5,08-4,95pm | 5,15-5,05pm Forward premiums and discounts apply to the U.S. dollar.

6.49 331-271 pm 6.82 57-51 pm ranc 56.25-56.35.

POUND SPOT-FORWARD AGAINST POUND

One month

DOLLAR SPOT-FORWARD AGAINST DOLLAR

index 136.0 against 125.3 six

The D-mark showed little overall charge against a rather nervous and erratic dollar in Frankfurt yesterday. Despite the dollar's unsettled nature, it was confined to a fairly narrow range. Poor US economic data effect-ively put a high on the day's range while fears of a technical improvement in the US unit deterred many from running too short. The D-mark seemed un-affected by growing rumours of a cut in the West German dis-

count rate.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to 178.95. February average 184.545. Exchange rate index 199.7 against 157.1 six months ago.

The yen improved slightly sgainst the dollar in Tokyo yesterday, following a weaker dollar trend in New York, as interest rates eased. The dollar closed at Y179.0, down from Y179.30 in Tokyo and Y180.0 in Tokyo on Monday. Dealers appeared rejuctant to push the dollar through the recent Y178.0 resistance level, fearing that the Japanese central bank may intervene. Elsewhere, the D-mark rose to Y81.00 from Y80.72 with growing speculation over a cut in West Germany's discount rate appearing to have little effect. count rate.

Mar. 4	Bank of England Index	Morgan Guaranty Change 2
Starling	73.5	-18.9
U.S. dollar	115.9	+8.4
Canadian dol	lar 76,6	-14.3
Austrian schi	lling . 127.5	+7.6
Belgian franc	95,2 7 86,7	-7.5 -0.6
Danish Krone Deutsche ma		+14,9
Swiss franc -		+ 13.9
Gulider		+9.4
French franc		-9.5
Lira.	40.0	-17.2
Yan	190.7	1 +40.9

OTHER CURRENCIES

March 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.	Mar. 4	£	ş
ÜKT	1.4430-1.4695	1 4630-1.4640	0.61-0.58c pm	4,88	1.63-1.59pm			<u> </u>	
irelandt	1,3683-1,3765	1 3732-1 3742	1.35-1.00c pm	10.29	3,55-2.70pm	9.12	Arc'ting	1,1692-1,1715	D.8000-D.801
Canada	1,4220-1,4330	7,4230-1,4240	0.65-0.71c dis	5.81	1.54-1.50ds	-4.36	Aug'alia	2.0930 2.0970	1.4270 1.425
Nethind.		2,4845-2,4895	0.46-0.44c pm	2.17	1.24-1,21 pm	1.97	Brazil	20,15-20,28	15,77-15,84
Belgium		45,10-45.20	11-14c dis		23-30 die	-2.35	Finiand	7,3800-7,3900	5,0340 5,037
Den mark		8.14-8.145	-ore pm-4 dis		32Dur-Judia	-0.09	Greece	196,98-200.95	136,37-139,1
W. Gar.	2.1925-2.2106	2.1985-2.1995	0.67-0.62pf pm	3.51	1.87-1.82 pm	3.34		11,4250 11,4850	7,8075-7,809
Portugel	1464-1474	1461-147	250-500c dia	-30.86	600-1200ds	-24.53	tran	114,86	80.00
Spain	738.60-139.55	139.05-139.15	40-70c dis		175-225dis	-5.74	Kuwait	0.4140-0.4150 66.06-66.15	0,28230 U,202
itály	1495-1503	1497-1498	15-17 lire dle			-11.19	LTDX, DULB	3.6670-3,6670	10.10-10.20 10.10-10.20
Norway	6.95-7.00	6.873-6.983	3-34 ore die		91-91 dis	-5.33	MALEYSIE	2.8140-2,8340	1 0176 T 003
Frence	6,751-6.794	6.761-8.77	44-5-c dis		11.12 dis	-6.78	M Z IBRU	5,3475-5,3575	Z 6510.3 651
Sweden	7.124-7.164	7.14-7.14	24-24 ors die		6-6's dis	-3.43	SHUGIAT -	3.1475 3.1575	2 1510.2.153
Japan	178.50-179.45	178.90-179.00			0.92-0.88pm		SATION	2,8895-2,8975	1 9765-1 982
Austria	15.43.16.51	15.48-15.50	3-1 gro pm		6-3 pm	1.16	S.Af. (Fn).	3.8475-3.9510	2.6315-2.702
Switz.	1.8600-1.8786	1.8705-1.8715	0.69-0.84c pm		1,89-1,84 pm		U.A.E	5,3800-5,3900	5,6720-3.673
			US currency. F						
			and not to th					• Selling m	B_
			francs. Financia			,-			
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EXC	IANG	E .CR	OSS	RAT	ES				•	· .	CURRE	NCY	RATE	5
Mar. 4	3_	-	DM.	YEN	F Fr.	S Ft.	HFL	Lira	C S	B Fr.		Bank		European
2 8	0.683	1,464	3.218 2.199		9,905 6,768	2.738 1.871	3.635 2,485	2192 1496	2.081 1.422	66.10 45.15	Mar, 4	rate 3	Drawing Rights	Currency Unit
DM YEN	0,511 3,815		1. 12,29	81,40 1000,	3,078 37,82	0,851 10,45	1,150 13,88	691.1 8368,	0.647 7,946	20.54 252,	Sterling U.S.\$ Canadian S.	71.	•	1,3905
F Fr. 6 Fr.	1,010 0,366				10. 3,618					56.73 24.15	Austria Sch. Belgian Fr., Danish Kr.,	4.	9.43868	44.034 7.9454
HFL Line	8,275 0,456			72.05 119,5	'8.725 4,520	0.753 1,249	1.659	602,9 1000.	0.572 0.960	18.18 30.16	D'mark Gulider French Fr	912		2,4284 6,6167
C \$ B Fr.		2,214	4,868	396,2	4.750 14.98	4.141	5.499	3315.	3.148	31.76 100.	Yen Norway Kr.	412	206,886 9,09030	6,8053
fee per	1,000: .	French f	r per 10	t Liro p	or 1,000); Balg	Fr per	100.			Span'h Pta Swedish K Swiss Fr	912 4	2.16316	6.9651 1.8222
EUR	D-CU	RREN	ICY I	NTE	REST	RA	TES				Greek Droh		0.844584	

EURO-CURRENCY INTEREST RATES

Mar. 4	term ·	7 Days	Month	Three Months	Six Months	Year One
Sterling U.S. Dollar	734-778	12;;·12;; 754-7 13	1258-125 ₂ 7 ₁₃ -7:4	1819-1314 775-718	11nt-12fg 7fg-7rg	11 %-11 + 759-75
Can Dollar D Guilder Sw. Franc	578 6 234-314	134-1356 534-576 214-21g	12 ig 13 ig 5 is 5 is 3 % 3 %	117g-121g 512 55g 35g-33g	1116 1136 5r4-576 3r4-318	101: 103, 5 : 5 : 3 : 3 :
Peutschmrk Fr. Franc Italian Lire_	551g 85g-87g 17-19	4 to 454 12-1254 -17-20	43,4)9 1519-16 19-20	414 439 1410-15 18-1834	414-456 1219-1318 17-1712	414-434 1078-1139 1539-1618
B.Fr.(Fin)	934-10	9%-10	95g;97g	95g-53 <u>a</u>	9.9	834-9
B.Fr(Con) — Yen D. Krone		1014-1014 6(3-6)6 754-814	11.111 ₂ 6-2-6-2 7-4-84	10 101 ₂ 55 ₈ 53 ₄ 73 ₄ 81 ₄	94 934 5 1, 56 8 73 84	812-9 68-612 754-814
Asian 5 (Sng):		779-8	7/2 7/2	754-776	73.778	7:4:779

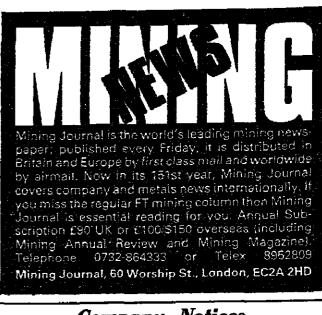
Long-term Eurodollars: two years 72-84 per cent; three years 84-83 per cent; four years 84-82 per cent; five years 83-83 per cent nominal Short-term rates are cell for US Dollars and Japanese Yen; others, two days' notice.

alternoon. It opened arm at 96-00, reacting to overnight gains in the Far East, and was trading around 96-10, when it was announced that January leading indicators had fallen 0.8 per cent. The market had been expecting a reduction from the December rise of 0.9 per cent, but the figure was generally forecast to still show a rise, of around 0.3 per cent. The news boosted hopes that the weak economy would encourage easier monetary policy by the Federal Reserve, and immediately pushed the June contract up to 96-19, before news that the December rise of 0.9 per cent nad been revised up to 1.5 per cent trimmed back the rise. Sentiment remained very strong, however, as the market continued to look towards a long bond yield of 8 per cent and a futures price of 100-00. June delivery touched a poek of 96-31 and clased at of 100-00. June delivery touched a peak of 96-31, and closed at 98-28 compared with 94-26 previously. Long git futures also opened strong, and remained firm, hoosted by the rise in US Treasury bonds. June long gilts opened at 116-22, and advanced to a peak of 118-04, after the US leading indicators announcement. A lack of a new tap stock in the cash market gave further encouragement, but dealers suggested the contract appeared overbought, as it retreated to overbought, as it retreated to close at 117-10, against 115-21 on Monday. Short sterling deposits for June opened at 88.65, supported by strong sentiment in gilts and US interest rate contracts. A rise in the UK official reserves also encouraged buying, and the contract closed at 88.80, compared with 88.58 previously. Dealers commented that sterling interest rate contracts are being carried along in the wake of US bonds. **CURRENCY FUTURES** POUND-S (FOREIGN EXCHANGE) Spot 1-mth. 3-mth. 6-mth. 12-mth. 1.4635 1.4576 1.4474 1.4343 1.4137 March 1.4805 1.4830 1.4475 1.4256 1.4380 1.4325 1.4296 1.4380 1.4325 1.4296 1.4380 1.4325 1.4390 1.4325 1.4310 1.4100 1.4100 1.4045 LIFFE-STERLING £25,000 \$ per £ Close High Low Prev March 1.4615 1.4604 1.4411 1.4343 June 1.4465 1.4500 1.4270 1.4193 Sept 1.4385 — 1.4073 Estimated volume — (—) Previous day's open int. — (2,871) LIFFE-DEUTSCHE MARKS DM 125,000 \$ per DM Close High Low Prev March 0.4538 0.4553 0.4534 0.4503 June 0.4572 0.4576 0.4576 0.4541 Estimated volume — (--) Provious day's open int. — (295)

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100% Close High Low March 97-10 97-20 96-15 9 June 95-26 98-31 96-00 9 Estimated volume —(—) Previous day's open int. — (3,922) Figures on US leading indica-tors sent June US Treasury bonds to a new contract high on Close High Low Prev March 98-14 98-22 98-14 97-57 June 98-35 98-55 98-35 98-14 Estimated volume — (—) Pravious day's open int. — (\$14) the London International Financial Futures Exchange yesterday afternoon. It opened firm at 96-00, reacting to overnight gains 83-25 83-25 83-13 intest High Low 83.22 83.23 93.16 93.67 93.67 93.49 93.67 93.67 93.49 93.56 93.56 93.44 93.38 93.38 93.34 93.19 93.21 93.14 92.95 92.82 — <u> (1,533) ·</u> LIFFE—EURODOLLAR OPTIONS \$1m points of 100% 0.00 0.00 0.00 0.02 0.07 0.20 0.48 2.14 1.65 1.19 0.77 0.43 0.20 13,934 Puts 0.01 0.02 0.06 0.14 0.30 0.57 Previous day's open int: Calle LIFFE E/S OPTIONS £25,000 (cents per £1) Strike Calls—Last
price March April May June Sept Ma
1-20 25-21 -- - 25-21 -- 1.25 21-21 21-21 -- 21-21 21-21 1
1-35 11-21 16-21 16-21 16-21 16-21 16-21
1-35 11-21 11-21 11-21 11-21 12-05
1-40 6-28 6-78 7-05 7-39 8-94 (
1-45 2-34 3-54 4-11 4-81 8-40 1
1-50 0-45 1-53 2-13 2-55 4-43 4
stimated volume total Cells 575 Puts 458 evicus day's open interest Cells 9-863 Puts 6-863 LONDON SE E/S OPTIONS £12,500 (cents per £1) March April Mary June Sept 0.05 — 0.20 — 0.30 0.80 0.06 — 0.30 0.80 0.70 0.10 0.25 0.90 1.50 3.00 0.20 1.10 1.90 2.50 4.70 1.10 2.70 4.10 5.00 7.00 4.80 8.50 7.00 8.00 9.70 PHILADELPHIA SE E/S OPTIONS £12,500 (cents per £1) Puts—Last
March April May June Sept
— 1.00 1.20 -9.25 9.90 1.80 3.15 -1.00 2.60 -- 4.60 --

US TREASURY BONDS 8% \$100,000 32nds of 100%



Company Notices



Kingdom of Denmark

Floating Rate Notes due 1995 In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from February 27, 1986 to August 27, 1986, the Notes will carry an interest rate of 8.0375 % per annum.

The interest payable on the relevant interest payment date, August 27, 1986 against coupon n°3 will be U.S.\$ 40,410.76 for each Note of U.S.\$ 1,000,000 and U.S.\$ 20,205.38 for the Note of U.S.\$ 500,000.



G.U.S. INTERNATIONAL N.Y. WE INFORM Bondholders that the SUS 1.500,000,— redemption instalment due on April 5, 1986 was partly met by purchases in the market.

For the redemption of the remaining amount of SUS 1.164,000,— took place in the presence of Magame Jeanne Housse, Notary Public in Luxembourg.

Consequently, the 1154 obligations of SUS1.000,— numbered SUS1.000 — numbered sking account of numbers instalments, will be redeemable at par, coupons at April 5, 1987 and subsequent ettached, as from April 5, 1986 date at which they will cease to bear interest.

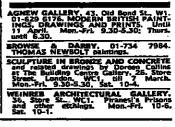
Redemption and payment of interest.

SUS 5,000,000.--

EVE has outlived the others because of a solicy of fair play and value for money-susper from 10-3.30 am. Discs and too musicians, plamorous hostesses, excitors soorabows, 180, Regent St., W1, 01-734 0857.

NOTICE OF PREPAYMENT of Railway Rolling Stock 144% BONDS DUE1990 In accordance with paragraph "Optional Redemption" of the description of the Bonds, notice is hereby given that EUROFIMA will preasy on May 25, 1986 the total amount remaining out-standing of the above mentioned Bonds at 101½ percent of their principal

Art Galleries



MARCH

A SMALL PIECE OF HISTORY WAS MADE TODAY.

As from midnight last night, Nomura International Limited became the first Japanese corporate member of the London Stock Exchange. Nomura International Limited is a wholly owned subsidiary of The Nomura Securities Co., Ltd. in

Nomura in London is currently celebrating its 21st anniversary. It is specially gratifying to us that the company has achieved membership of the great institution, the London Stock Exchange, in this particular year. We look forward to making a

continuing contribution to the capital markets of the United Kingdom.



NOMURA INTERNATIONAL LIMITED Nomura House, 24 Monument Street, London EC3R 8AJ. Telephone 01-283 8811. Telex: 883119.

MONEY MARKETS

Expectations of German rates cut

Speculation grew in Frankfurt that the German Bundesbank would cut one, or both of its leading interest rates at tomor-row's central bank council meetrow's central bank council meeting. On the money market call money remained at 4.90 per cent, compared with 5.40 per cent on Monday, as conditions remained tight, encouraging the authorities to add net liquidity to the banking system. The Bundesbank accepted bids of DM 14bn at a tender for a 29-day securities rebanking system. The Bundesbank accepted bids of DM 14bn at a tender for a 29-day securities repurchase agreement, at the minimum offered rate of 4.30 per a money market shortage of cent. Total applications were DM 15.9bn. Two expiring agreements will drain DM 11.3bn from the market today. The increase in liquidity was widely expected, ahead of seasonal tax payments, but the fall in the offered rate

UK clearing banks base lending rate 12} per cent since January 9

to 4.30 per cent from the previous level on similar agreements of 4.50 per cent, was regarded as a possible signal that the Bundesbank's discount rate of 4 per cent, or Lombard rate of 5.5 prec nt would be cut to-

£600m initially, but changed this to £650m in the afternoon. Total help provided was £514m. NEW YORK RATES

(Lunchtime)

Treasury Bills & Bonds

FT LONDON INTERBANK FIXING

Six months US dollers (11,00 a.m. March. 4) bld 7 5:8 | Offer 7 8:4 offer 7 3/4 The fixing rates are the arithmetic working day. The banks at 11 em each working day. The banks are National means, rounded to the anarost one exteenth, of the bid and offered rates Deutsche Bank, Banque Nationale de for \$10m quoted by the market to Paris and Morgan Gustanty Trust.

Interest rates were slightly easier on the London money market yesterday, as sterling showed signs of recovery. Three-month interbank fell to 12½-12½ per cent, but fim bank bills in band 3 at 12½ per cent; and cent from 12½-12½ per cent, but fim bank bills in band 4 at 12½ with oil prices falling to the lowest level for seven years dealers were sceptical about the Bank of England endorsing a cut in clearing bank base rates, in spite of hopes that West Germany, Japan and the US will

STERLING INDEX

10.00 am

EMS EUROPEAN CURRENCY UNIT RATES

44.0346

Changes are for Ecu, therefore positive change denotes a week curroncy. Adjustment calculated by Financial Times.

44.8320 8.12857 2.23840 6.86402 2.52208 0.724578 1520.60

72.4 72.5 72.3 72.3

72.4 72.3 72.2 72.4 72.5

MONEY RATES

Mar. 4	Ov'r-nig't	Month	Months	Months	Months	In'v'ntion
Frankfurt Paris	8½ 78-118 6½ 618 6,03125 1676-1714 9,00	8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	! — !	4.4 4.5 669 834 334-379 559-534 5.90626 1619-1612 959-912 1639-1638	=	 818
LANDAN MA	NEV D	ATTC				

LONDON MONEY RATES

Mar. 3	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank Sterling CDs Sterling CDs Local AuthorityDepos Local Authority Bonds Discount Mkt Depos Company Depos Financs Hse Depos Financs Hse Depos Financs Hse Bills (Buy). Bank Bills (Buy). Fina Trade Bills (Buy) SDR Linked Depos ECU Depos	1258-1254 1258-1254 1252-1254 1252-15	126s 121g 127g-13	12 12 12 12 12 12 12 12 12 12 12 12 12 1	1216-1214 1276 1276 1214 1814 1112 1113-12 1216 7.55-7.60 819-844	1114-114 124 126 18 18 114-114	11 & 11 & 11 & 11 & 11 & 11 & 11 & 11

Treasury Bills (sell): one-month 12½ per cent; three-months 11½, per cent. Bank Bills (sell); one-month 12½ per cent; three-months 11½, per cent. Treasury Bills: Average tender rate at discount 11.8481 per cent. ECGD fixed Finance Schemo IV reference date February 5 to March 4 (inclusive): 12.653 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 13 per cent from March 1, 1986. Bank Deposits for sums at seven days' notice, others seven fax Deposits (Sories 6). Deposits E100,000 and over hold under one month 12½ per cent: one-three months 12½ per cent; three-six months 11½ per cent; six-aine months 11½ per cent; nine-12 months 11½ per cent. Hoder £100,000 and over hold under follo,000 this per cent from February 26. Deposits held under Serioo 5 11½ per cent. Deposits withdrawn for cosh 7½ per cent.

The second secon

A CONTRACT OF THE PARTY OF THE

1985-86 Price + or Yield 1985-86 High Low Stock C - Int. Red. High Low St. "Strocks" (Lives up to Five Years) 194,860 West Stee	MERICANS—Cont. Proce + orl Bre Yrd seck	LONDON SHA	RE SERVICE
991; 96; Trea. 10sctm 1986 991; + 10 02; 11 84 24 15; Eowster in 921; 97; Trea. 30; 1986 982; + 3 06; 12 38 1986 1986 100; 97; Erb 105; 1986 992; + 3 06; 12 38 199. 118; Bernsack, 101; 98; 112; 12 101; 12 25; 118; Bernsack, 101; 98; 12 12 12 12 12 12 12 12 12 12 12 12 12	r. 16 ² x	BUILDING, TIMBER, ROADS—Cont. 1995/86 High Line Stack Price — Net 16"41 6"3 PE 188 18 Bursen & Visitan 20s 18 4.0 31.7 5.6 50 Carterna (N) & 105 54 -1 31.1 19 82. 94. 19 50 Carterna Assistance 19 4.1 20 56 34.3 44.7 4.1 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 44.7 4.3 4	DRAPERY & STORES Cont. 1985.766 Price Price Price 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.2 27 11.55 8.0 16 11.55 8.0 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 16 11.55 8.0 11.55 8.0 11.55 8.0 11.55 8.0 11.55 8.0 1
16.2 100 2.5 1.5	vn_25c 368p -23 4d - 08 n 5125 2912-4 45265 - 50 n 5125 2912-4 5205 - 55 Poort 51 282-1 5200 - 51 361-1 5226 - 44 1 62p - 916p -39 40d - 31	50 242/90/msminster Grp. 34 -2 15 18 31 234 72 40 Conter Group 69 15 18 31 234 62 25 Consus (7 15 p 59 11 14 4 28.7 526 334 Costan Group 482 -2 1750 29 44 9.0 332 182 Countrylete Props 332 574 51 25 84 136 84 Countrylete Props 352 575 57 5 25 84	82 28 Summe 20: 38 - 32 742 42 23 227 33 375 Superfus 5rs 10: 452 - 5 742 42 23 227 33 37 172 112 119 47 8 5 Stares 5: 172 12 12 83 39 22 282 6 6 23 Telefus and 5: 45 - 1 820 62 63 - 54 63 172 12 12 12 12 12 12 12 12 12 12 12 12 12
10.5 10.5	ters \$1.625 2874+15 \$1.10 2.7 **Corp \$1 633022 **Corp \$1 51.0 **Data \$case 539 **Bata \$case 539 **Source 539 **Source 539 **Source 5301x-7, \$1.00 2.4	114 62 Dew George 250 96xd - 1 6.0 12 8.9 13.6 95 47 Douglas (Rota, 14) 85 11.75 22 2.9 13.6 25 169; Pictor Group 50 22 0.24 43; 1.4 17.0 175 75 Fic RC 500 155 15.6 11 5.2 23.6 77 57 Firsth 100 119 41 80,0 27 43 11.0 119 100 Farthuar 100 119 41 80,0 27 43 11.0 112 85 Feb. last. 10p 85 10.28 0.7 7.0 (44.0 10.28 10.28 10.28 92 56 Do. 'A' 10p 71 10.28 10.7 8.1 30.7 68 41 35 etertate 10.80 5.5 5.7 1 13.8 2.7 14.4 8.2	221 181 (Indexense 13) 32 32 32 32 33 33 34 44 52 32 32 32 32 32 32 32 32 32 32 32 32 32
S5	482 - 1779 - 3	95 60 6 alam Graco 100 64 93 04 09 185 201 94 64 [15 75 131 4 22 Gallon Bardo A 100 38 159 20 75 88 201 Glees on (A 1) 10a 208 201 Glees on (A 1) 10a 208 537 54 26 1103 119 69 1841 Graco 10b 97 -1 13.7 23 54 9.7 112 24 Bellacii Bar 112 +10	73 45 Marsil J. W. 96 125 05 38 221 225 05 38 021 125 05 38 021 125 05 38 021 125 05 1
101- 9, Erch 11pt 1990: 101-y-1-1052 10 63 10 63 1022 1093 total 12 pt 1990. 1005-y-1-1 1175 10 50 1115 1790 for comparing the first 1990 for comparing the first		33 Newsee-Shart 102 53 71.59 31 41 100 151 112 100 1	125 BB ABAT INCS 39 - 76 - 1 - 3 3 3 5 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9
103 104 104 105 107 108 107 108 107 108	70 50	25 10 25 25 25 25 25 25 25 2	67 36 Wenderford & NV 25 25 25 25 25 25 25 25
201 10 10 10 10 10 10 10	51 301-1- \$1.00 - 24 188p +14	118 93 Hun & Orderste 116 -2 558 50 59 10.3	167 40 BSR into 10e 99 2 G24 37 26 27 26 28 27 26 27 26 27 27 28 28 29 28 29 28 28 28
77	Fig. 13.0 25'2-12 16'40 25'4	107 042mdrs (bohd 2Dp 156	97 70 80 80 80 80 13 20 20 20 20 20 20 20 20 20 20 20 20 20
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MARKET REPORT

Dealings tions Dealings Day Feb 24 Mar 6 Mar 7 Mar 17 Mar 10 Mar 26 Mar 27 Apr 7 Apr 1 Apr 19 Apr 11 Apr 21 ** Now-time ** dealings may take place from 9.30 am two business days

Markets surged strongly higher after having been absent over after having open assent over the two previous trading ses-sions. The main equity indices, after starting lower, raced ahead to threaten their respective peaks before closing a whister short of record levels. Government securities refused to be upstaged and longer-dated stocks jumped two points.

The strength of bond markets worldwide was a tonic for Gilt-edged but the main boost was a change of direction in the ex-change rate. Sterling bounded higher against the dollar and also recovered strongly on leading European currencies, although oil prices continued to weaken. Short-term money market rates fell back—three-months interbank settled at 12; per cent—and thus rekindled hopes of a fall this month in hank base rates.

Expectations that the Bundesbank would lower the German discount rate tomorrow and pave the way for reductions in both Japanese and US levels created further interest. Substantial funds from domestic and overseas sources were attracted and the authorities provided little help in alleviating severe stock shortages. Prices went progressively forward until the after-hours' trade and then eased from the best. They still showed rises stretching to 2½ points, the ultra-lcng Exchequer 12 per cent 2013-17 being that much up at 122½ to yield 9.63 per cent.

Encouraging trading state-Expectations that the Bundes-

the banking sector with full-year profits in excess of most optimistic expectations. Two new takeover offers ensured a continuation of speculative activity: Norton Opez is bidding for LicCorquodale and Coloroli for Staffordshire Potteries, the two last-named after abortive merger

A firmer early trend on Wall Street resterday caused renewed firmness in the after-hours' business but the indices just failed to breech their all-time highs. The FT Ordinary share index closed 14.8 up at 1.281.3 compared with the February 27 record of 1.281.5, while the FT-SE ended 14 points higher at 1.545.9

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL GOODS (212)

Contracting, Construction (27) ...

Metals and Metal Forming (7) CONSUMER GROUP (104) Brewers and Distillers (23)

Nesith and Household Products (10).

Publishing & Printing (13) __ Packaging and Paper (15) __ Stores (43) __ Textiles (16) ___

Shipping and Transport (12). Telephone Networks (2) Miscellaneous (49)..... 49 (NOUSTRIAL SROUP(482). 51 Gil & Gas (18)

> FINANCIAL GROUP(1)8) Bariks (7)...... Insurance (Life) (9),..

nsurance (Brokers) (8) Merchant Banks (11) Property (51) ... Investment Trust: (103)

FT-SE 100 SHARE INDEX &

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FIXED INTEREST

___. 31.59 +2.56 79.72

Tobaccos (3) ...

equity indices near record send for every six Peko Oil; Peko-Wallsend were 2 lower at

FINANCIAL TIMES STOCK INDICES

Markets surged strongly higher as institutional investors re-opened for business yesterday duled to bring the season to a close tomorrow, ended 16 to the good at 495p. Elsewhere, Provi-dent Financial were outstanding among Hire Purchases, closing 42 history at a new nesk of 400p in among Hire Purchases, closing 42 nigner at a new peak of 400p in response to the bumper annual profits and proposed 20 per cent scrip-issue. Woodchester, meanwhile, jumped 20 more for a twoday rise of 52 at 230p following renewed speculative demand in renewed speculative demand in a thin market. Merchant banks encountered selective support with Kleinwort Benson 10 dearer at 740p. Mercury Securities put on 10 to 825p and associated stocklobbing concern Akroyd and Smithers rose 25 to 680p in sympathy.

Prudential still reflecting Prudential, still reflecting vague rumours of a possible merger with Midland Bank, rose 14 more to \$58p. Other Life issues made good progress with sentiment helped by the strong performance of gitts. Sun Life jumped 15 to \$95p and Legal and General improvements of 9 and 10 respectively were seen in London

Enrouraging trading statements from leading industrial and financial groups reinforced the buoyant equity tone. Unilever's preliminary results pleased along with those of Fisons, while NatWest delichted the banking sector with full-year the trend, Blagden Industries fell the content of the Chemical sector, while Fosco, still reflecting a process of mother to 267p. Moving sharply against the banking sector with full-year the trend, Blagden Industries fell than the content of the con 15 to 114p reflecting the cautious statement which accompanied the annual results.

Gussies give ground

Leading Retailers shrugged off initial uncertainty and closed with modest gains for choice. Woolworth stood out, however, and advanced 18 to 505p. but unand advanced 18 to 505p, but uninspiring notices emanating from an analyst's meeting unsettled Gussies "A," finally 28 lower at 883p, after 877p. Mail-orders met fresh support ahead of the forthcoming dividend season with gains of 4 common to Gratian, 390p, and Freemans, 378p. Secondary Stores, the subject of considerable speculative activity recently, passed a less frantic

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times. the institute of Actuaries and the Faculty of Actuaries

Tues Mar 4 1986

Day's Change %

+0.2 +0.3 -0.5 +1.1 +0.7

672.96 +0.6

1037.88

1819.32 1675.17 375.02

Gross Div. Yield% (ACT at 30%)

3.47 14.51 3.81 13.55 4.29 15.63 4.17 16.18 2.74 14.99 3.97 12.85 5.62 16.32 3.61 14.63 3.61 18.65

Mar. Mar. Feb. Feb. Feb. Feb. year 4 3 28 27 26 25 ago 86,26 85,21 85,43 85,55 85,29 85,05 80,15 Government Secs 90,32, 89,69, 90,16, 90,12, 89,76, 89,67, 83,53 Fixed Interest..... . 1281.3 1266.5 1277,4 1281.5 1270.2 1264.2 982.0 Ordinary + Total bargains (Est. 37,218 37,507 39,300 31,855 36,504 39,435 25,006 Equity turnover Em. - 664.85, 762.99 882.24 805.04, 933.21 385.54
Equity bargains - 52,058, 83,516 83,236 85,764 40,959 21,970 Shares traded (m!)... - 322,2 348.4 374.6 360.6 392,3 181,5 ♥ 10 am 1262.5. 11 sm 1268.8. Noon 1274.3. 1 pm 1276.5. 2 pm 1277.3. 3 pm 1276.6. 4 pm 1280.0. Doy's High 1281.3. Day's Low 1281.2. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/36. Gold Milnes 12/9/55. SE Activity 1974. Latest Index 01-246 8029. *Nii=12.21.

1	HIGHS A	AND L	ows		S.E. ACTIVITY						
-	198	5/86	Since Co	mpilat'n	INDICES	Mar.	Feb. 28				
	High	Low	High	Low	Dally Gilt Edged						
Govt. Secs.	86,25 (4/3,86)	78.02 (29/1/85)	127.4	49.18 (8:1/75)	Bargains Equities	175.0 207.7	-				
Fixed Int	90,38 (22/16/65)	82,17 (28(1/85)	150.4 (28/11/47)		Bargains Value 5 dayAverage	1,343,8	1,642.2				
Ordinary	1281.5 (27;2/88)	911.0 (25/1/85)	1281.5 (27:2/88)	126,8/48	Gilt Edged Bargains Equities	200,3	201,9				
Gold Mines	636.9 (15/4/85)	217.6 (b) 11/86)	734.7 (15/2/88)	43.5 (26, 10/71)	Rargaine	227.5 1528.5	938.1 1,786.1				

C and W share is due on Friday. trading prospects; Berisford con-Thorn EMI attracted after-hours' support and finished 15 better at support and finished 15 better at 454p, while improvements of 4 were seen in British Telecom, 208p, and Plessey, 210p. Revived hopes of a bid from BTR left STC also 4 dearer at 120p. Elsewhere among Electricals, Amstrad jumped 28 to 390p following the launch of its compact disc playing systems and pact disc playing systems and Ferranti revived with an im-provement of S at 144p. Applied Holographics put on 13 at 258p, but BSR softened 2 to 93p, after 57p, on nervous offerings awaiting the results. AMS Industries plummeted 15 more for a two-day relapse of 34 at 89p following comment on the preliminary figures. Powerline dropped 16 for the tenther to 115p or for the comment of th further to 115p on further con-sideration of the poor prelimi-

nary figures. to breech their all-time highs. The FT Ordinary share index sclosed 14.8 up at 1.251.3 compared with the February 27 record of 1.281.5, while the FT-SE ended 14 points higher at 1.548.9.

NatWest's much better-than expected annual profits—nearly 20 per cent higher at £804m—prompted a 25 advance in the shares to 733p; after 740p, and induced strength in the other report results today with brokers estimates ranging between £290m and £350m, advanced to 493p before closing a net 10 dearer on final instalment of 287p per separate a mixed appearance. Apart from Vickers fresh support ahead of the forth-ordinate appearance. Apart from Vickers which continued to make progress at 418p, up 10, there was little worthy of note in the leaders. Elsewhere, demand persisted for Brooke Tool, up 8 at 46p. Staveley were favoured and put on a similar amount to 423p, while buyers continued to show interest in Noble and Lund, up 2 more at 98p.

Tate and Lyle provided a dull feature in the Food sector, falling the former's sugar could damage the former's sugar Engineers presented a mixed

Fri Feb 28

1.37 668.35 673.47 674.83 537.73 0.50 710.76 712.64 718.84 482.46 2.30 1034.77 1840.69 1042.65 668.31

230 1034.77 1040.69 1042.65 688.31 150 1527.71 1837.12 1844.66 1511.88 6.62 1657.72 1679.33 1697.87 1695.87 0.00 295.65 296.76 304.72 165.23 0.34 271.61 273.77 273.45 163.29 23.3 1186.58 1192.25 1192.27 896.94 2.07 846.05 852.98 853.76 622.95 4.04 848.20 857.87 557.70 554.72 168 617.48 614.86 614.39 556.91 5.78 1854.68 1968.56 1893.48 1407.93 0.25 1457.54 1441.67 1445.60 1819.97 93.98 1851.18 859.01 864.9 1695.57 695.57

Index No.

Theor Feb 27

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with suspension prices of 122p and 187p respectively. Among the leading issues, Unilever res-ponded to the better-thanponded to the better-thar-expected preliminary figures with a gain of † to £14‡. BoC continued to attract buyers and put on 8 further to 342p, while Reecham, 355p, and BTR, 433p, improved 5 aplece. Jaguar were lively and traded between extremes of 460p and

and the former at 186p compared

Golds easier

The strength of sterling against the dollar and a minor bout of profittaking prompted widespread losses throughout

An initial mark down of the leading Golds was followed by

persistent small selling from London and Continental opera-

South African mining issues

between extremes of 460p and 451p before settling 3 cheaper on balance at 455p; the preliminary results are scheduled for Thursday week. Lucas Industries, down to 615p in early trading, railied to finish a net 8 up at a new peak of 625p, but talk of a broker's cautious circular in the offing left recently firm AE 13 down at 170p. Distributors featured fresh support for Lex Service which advanced 10 for a two-day gain of 17 to 37p; the full-year figures are due tomorrow.

a two-day gain of 17 to 337p; the full-year figures are due tomorrow.

Paper/Printing highlighted McCorquodale which touched 230p before settling 12 up on balance at 222p following the widely-anticipated shareer exchange offer from Norton Opax, a couple of pence easier at 143p, after 140p. McCorquodale quickly rejected the bid as "unsolicited and unwelcome." Barham eased 2 to 157p following acquisition news, while Auit and Wiborg also shed 2 to 34p, awaiting today's preliminary figures. Cariton Communications hardened 10 to 780p after the annual meeting, but further reflection of the extremely disappointing interim results a prompted increased selling of design consultants Michael Peters which dipped 28 for a two-day decline of 47 to 145p.

MEPC again proved a volatile market and, after dipping to also market and, after dipping to balance at 360p. Haslemered to close only 5 cheaper on boance of 47 to 145p.

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MEPC again proved a volatile of 47 to 145p.

MEPC again proved a volatile of 47 to 14 trading prospects; Berisford continued to attract buyers and closed 6 higher at 213p. Tate and Lyle has acquired a 2.6 per cent stake in Berisford. Hillsdown Holdings, which announced on Monday that it had increased its stake in Berisford to 9.09 per cent, hardened 2 to 222p. Elsewhere. Cadbury Schweppes edged up 2 to 167p ahead of tomorrow's annual results, but Rowntree Mackintosh slipped 5 to 425p. Recently-overlooked

Fisons, reflecting the good pre-liminary figures, advanced 8 to 528p despite a considerable amount of profit-taking. Encouraged by the Fisons results, Wellcome encountered a good demand and put on a simi-lar amount to 181p. Elsewhere in the miscellaneous industrial sector. demand revived for

ment on the annual results left British Vita up 15 further at 257p, Wolseley Hughes finished 8 higher at 513p, after 517p, fol-lowing the interim figures and proposed rights issue to finance the acquisition of Grovewood Securities. Speculative demand left Parker Knoll A 17 dearer at

Oils easier

295p and Clement Clarke 14 up at 197p, while late buying prompted a rise of 18 to 278p in Blue Arrow and a gain of 20 to 773p in Slebe. Interest revived in Avon Rubber which put on 12 The le 258p but recent hid favourite at the Oil shares were again distur-bed by falling crude oil prices. The leaders were marked down in Avon Rubber which put on 12

The leaders were marked down in Avon Rubber which put on 12

The leaders were marked down at the 355p, but recent bid favourite at the outset, but picked up at the outset, but picked up to 183p. Stat-Plus advanced 10 to 183p, Stat-Plus advanced 10 to 235p on the preliminary figures opened lower at 515p and edged up to 523p prior to ending the up to 523p prior to ending the up to 523p prior to ending the session a few pence easier at 164p, while Shell touched 184p, while Shell touched 184pp, while Shell touched 184pp, while Shell touched 184pp, while Sh

TUESDAY'S

ACTIVE STOCKS

YESTERDAY'S **ACTIVE STOCKS**

to 425p. Recently-overlooked Bio-Isolates gained 7 to 24p.

in the miscellaneous industrial sector, demand revived for British Aerospace, which closed 25 to the good at 558p. Bridon, still reflecting the sale of its Mexican offshoot, advanced afresh to 143p before closing 9 higher on balance at 141p. Comment on the annual results left British Vita up 15 further at

Stock Cf
Ford (Martin)...
Home Charm...
Berisford (SW)
AMS Inds. ...
Br. Aerospace
Frich Lovell ...
Grand Met. ...
BAT Inds. ... BAT Inds.
Bridon
De Beers Deld.
Williams Hidga

EUROPEAN OPTIONS EXCHANGE May Vol. Last Vol. Last Stock **50**

ineering (63) al Forming (7) Materials (22) ROUP (102) stillers (23) uring (22) 114)	375.02 + 294.70 - 270.58 - 1156.20 + 649.53 + 620.47 + 1861.05 +	1.1 8.1 0.7 9.4 0.1 7.4 0.8 6.3 0.4 7.9 0.3 9.2 0.5 9.7 0.3 6.4 0.6 5.2	19 3.97 12.18 5.62 16.3 70 3.41 14.13 13 3.01 18.1 77 3.29 15.2 19 3.64 13.2 14 2.49 21.1	85 0.64 372. 12 0.00 295. 13 2.35 1186. 17 2.07 846. 17 4.04 848. 18 1.68 617. 19 5.78 1854.	65 296.7 61 273.7 58 1192.2 05 852.9 20 857.8 48 614.8 68 1868.5	0 374.99 6 304.72 7 273.45 5 1192.27 8 853.76 7 857.78 6 614.39 6 1893.46	295.67 185.23 163.29 898.94 628.95 554.72 506.91	Stock Amstrad Blue Arrow Courtsuids Fisons Fisch Loveli GUS A	245 628 307 883 960 733 508	change +26 +18 + 7 + 8 + 25 +36 +35 +18 + 8	Stock Ford (Martin, Home Charm Benisford (S' AMS Incls. Br. Asrospic Frich Lovell Grand Met. BAT Inds. Bridon De Beers De	7 22 W) 17 16 ce 16 15 15 14 14	Mon. Day's close change 129 + 4 318 - 72 207 + 5 104 - 19 533 - 10 302 - 14 410 - 8 356 - 5 15 + 9
inting (13) Paper (15) PS (62) It (4) Parsport (12)	2143.68 + 426.21 - 799.48 + 474.28 + 1040.34 - 801.31 + 913.19 + 249.43 +	1.4 7.5 0.3 7.2 0.3 8.1 0.4 6.7 0.6 10.3 0.5 12.6 1.7 8.4 3.0 10.3 0.9 7.7 2.2 6.5	50 4.01 17.1 19 4.25 16.1 10 3.73 14.4 12 2.71 20.1 15 3.68 18.9 4.78 9.1 4.78 9.1 4.72 15.1 16 4.04 11.1	16 9.39 851. 10 2.36 2135. 17 0.09 427. 14 1.06 795. 15 0.15 471. 18 0.00 1045. 14 1.50 787. 19 2.32 877. 14 3.81 2871.	18 859.07 73 2137.6 34 426.4 92 809.5 53 472.7 51 1061.0 25 787.6 87 875.5 29 250.0	1 864.29 9 2136.67 3 424.85 7 868.97 1 478.86 4 1046.45 7 787.13 3 867.43 2 253.67	675.51 1708.63 309.49 551.83 338.06 949.93 667.51 811.93	EUROP Series GOLD C 836 GOLD C 836	EAN vol.	Last	Vol. Last 1 14.50 2 9.50 12 8.50	(CHAI	520 +13
per(580) DEX(580)	958.87 +1 973.17 808.42 +1 1162.60 827.82 +1 579.06 +1 579.14 +1	2.2 8.6 7.1 0.8 8.2 0.4 19.7 0.6 9.4 1.1 3.1 16.5	1 3.43 15.5 A 3.50 17.1 2 3.44 15.2 3 8.23 5.9 0 3.93 13.2 4.29 — 7 5.50 8.4	2 0.93 936. 6 1.68 973. 6 1.76 794. 6 21.65 1107. 1 3.30 822. 9.28 563. 8 0.00 561.	32 935.2 54 974.3 28 799.1 58 1119.6 51 827.9 83 561.9 88 554.3	6 933.97 4 977.61 3 799.77 4 1138.17 4 829.97 2 564.63 2 556.34	778.08 833.25, 623.57, 1205.13, 672.02, 448.40 455.17	GOLD C 546 GOLD P 536 GOLD P 536 GOLD P 833 GOLD P 833 GOLD P 834	20 20 10 10 10 10 10 10 10 10 10 10 10 10 10	7 11 -	12 8.50 184 5.50 5.50 7 8 60 10 20 14 20 19		- 3.60B
(9)posite) (7)	459.84 +1249.72 -1333.38 +1727.03 -331.89 +1697.13 +1273.75 -1	0.6 73 0.2 ~ 0.1 12.2	3.13 — 7 3.49 24.4 0 4.04 16.4 3.12 — 2 5.67 9.5	0.06 331. 7 0.69 727. 4 0.98 329. 1.90 695. 2 0.00 274.	75 468.9 13 1251.1 99 328.8 31 730.4 95 331.6 81 693.5 15 276.2	4 463.26 3 1264.86 2 328.43 6 735.97 0 332.72 1 692.18 5 277.55	317.68 1118.46 234.15 628.83 283.95 632.41 287.12	81.VER C 566 &FIL C FL37 &FEL C FL37 &FEL C FL35 &FEL C FL35 &FEL C FL35 &FEL C FL36 &FEL C FL36 &FEL C FL36 &FEL C FL36	70 75 75 76 76 76 76 103	5,80 A 19 A 1,30 0,80 0,20	20 4.30 B 27 2.80 21 15 A 22 4.20 97 3 A 9 1.10	4 6 8 55 3	F1.365.14
5 (14) DEX(738) RE INDEX 4	752.48 +4 index D No. Ct 2543.9 +1/	9.3 13.4 9.7 — lay's Day hange Hig 4.0 1548	3.99 — 's Day's Ma h Low 3	2.56 747: Feb Feb 28 27 9 1543.9 1549	750.83 Feb 25 25 1534.4	752.86 Feb 25 1527.7	614.79 Year ago 1274.9	SIFL C FL2 SIFL P FL3 SIFL	100 100 15 192 100 245 100 29 119 100 6 119 100 6 119 100 6 119 100 6 119 119 119 119 119 119 119 119 119 1	1.20 2.50 4.20 7.10 16 31 36	114 5A 21 7.50 14 9.20 A 136 12.20 17 18.50 45 38.50 B 58 37.50 B 40 47 59 62	75 10 5 15	.80 Al
Tues Day's charge	Mon md ad Mar today		REDEMPTI	on YIELDS erament 5 years	9.30	Mar 3	20.95	ABN C FLSG ABN P FLSG AEGN C FL1	0 190 0 169 6 308	pr. 20 2 1.50	July 6 30 5 9.50 A 13 4 B	Oct.	37 Fl.559 16 A .70 Fl. 103
4 % 129.18 +0.43 1 136.50 +1.23 1 144.07 +1.74 1 158.29 +1.42 1	3 19.66 — 84.85 — 81.66 — 56.06 —	1.68 2.16 2.25 1.62	2 Coupons 3 Medium 5 Coupons 6 7 High 6 Coupons 9	15 years	9.56 9.57 18.46 9.92 9.68 10.56 10.68 9.77	9,75 9,25 18,65 18,13 9,58 18,77 10,29 9,55	16.78 10.31 11.95 11.22 19.66 12.06 11.65 10.23	AEGN P FLS AH C FLS AH P FLS AKZO P FLS AKZO P FLS AMEY C FLS AMRO P FLS GIST P FLS GIST P FLS GIST P FLS HEIN C FLS	5 478 0 228 0 774 0 388 5 21 6 479 6 133 0 112 0 21	4.50 1.10 5.90 2.10 4.10 1.30 10.60 2.60	121 6.20 34 3 328 8.60 56 9.60 8 3.20 181 7.30 4 2.80 18 19.70 30 11.50	40 56 13 14 20	8 FI. 75.50 13 FI. 168.70 11 FI. 76.80 10 FI. 101.10 5 FI. 256 - FI. 250.60
188.77 +0.25 1 110.12 +0.46 1	52.27 — 53.48 — 59.67 — 59.45 —	9.81 0.71 8.73	Index-Liaka 11 Inflat'n rate 12 Inflat'n rate 13 Inflat'n rate 14 Inflat'n rate	5% 5 yrs 7% Over 5 yrs 10% 5 yrs	4.39 3.72 3.35 3.56	4.49 3.75 3.44 3.59	9.0 6.0 6.0 9.0	HEIN P FL22 HOOG C FL8 HOOG P FL8 RLM C FL8 KLM P FL3 NEDL C FL22	0 119 5 545 0 99 5 794 0 427 0 90	4.20 1.50 2.20 1.60 1.50	25 7 89 6.80 27 3.80 162 4.90 338 2.20 14 4.20	10 5.	9 50 50 50 FL 54,80 5 FL 177.50
. 115.49 +0.53 1	14.82 — 79.72 —	1.23	15 Date & 16 Loans 17 Preference	5 years 25 years 25 years	11.26 11.94 10.82 11.88	11.28 11.10 10.92 12.16	12.35 12.84 11.94 12.86	NEDL P F1.25 NATH C F1.6 NATH P F1.6 PHIL C F1.6 PHIL P F1.6 RD C F1.17 RD P F1.17	0 67 0 143 5 985 0 1011 0 311 0 135	7.60 1.60 6.70 1.50 1.60 5.50 4.80	9 3.60 130 8.50 610 2.90 47 5.60 114 8.70 242 11 160 19.50	131 17 4. 113 11. 157 14.	50 J EI
i3.0; 10 am 1531.6; 11 : nd lows record, base d:					•		•	UNIL C FI.36 UNIL P FI.34	0 241	18.50 6.50	160 19.50 129 15	10	31 F1.562.50

C=Call

TOTAL YOLUME IN CONTRACTS: 45,075.

B=Bid

A=Ask

RECENT ISSUES

laste price	Amount Pald up Latent Ronano	198 High	5.6 Low	Stock	Olcoling	+ or	D Z Z	Tirmes	- Gross	Park
1. 4	F.P. 28-2 300 73- F.P. 14-3 F.P. 7-3 F.P. 4-4 F.P. 27-3 F.P. 1/8 F.P. 27-3 F.P. 27-3 F.P. 27-3 F.P. 27-3	182 348 175 146 138 177 900 93 25 230 280 181 22	168 285 100 112 125 163 855 85 7 215 95	#Srockmount. Cable & Wireless 50p. intl. inv. Tst, J'rsy wta Macro 4 5p #Microsystems 10p. PPL 10p Rodine 5p. #Spice 5p	162 140 139 163 290 23 290 291	-1 -2 +2	F9.5 R1.0 R1.78 U2.5 U2.8 Q5.97c	8.5 6.0 2.2 2.5 2.5	1.0 1.8 2.2 4.3 1.9	21.5 17.4 10.7 8.0 12.0

FIXED INTEREST STOCKS

	London and Continental opera- tors, and the Gold Mines index gave up 5.2 to 337.5. South African Financials	Second Se	Lintest Renuno, date	198 High		Stock	•	Olosing price &	+or
THE REPORT OF LILE	were mixed. The general www. ness of Golds unsettled "Amgold," which fell £2 to £55 and Anglo American Corpora- tion, i off at £10 i but Johannes- burg support ahead of the pre- liminary results due on March 13 boosted Geneor i to £10. London-domiciled Financials drifted easier during the morn- ing but picked up later in the day helped by the good gains in domestic markets. Rio Tinto- Zinc rallied from an initial £68p	97.203 £25 88.255 £30 198.387 £25 199.745 £26 199.11: F.P.	254 19:5 11:4 25:4 10:3 16:4 25:4 28:2	2714 3134 2812 3312 10018 10034 10034 10036 147p 5ppm 2958 10512	201 301 251 251 9por 99 100 140 3ppr 251	'Allied Lon.Propo. 1317 IstMort.Do American Modical Inti.9.15 Uns. I Centrovincial Eats. Iti.51st Mort I First Scot. Am. 11 192 Deb. 2016 Hampton 7st. Itab Ist. Mort. De Lawrence (W.81.5, Grw.Cum.Rec [Mecca Lesure 111.2, Deb. 2011] (Nationwide Bidg. Soc. 121.2, 9 Do. 12.3-2.5.87 De Parkilleid 7-6 Cum. Grw. Prf. 1 Porter Chad. 83 Crw.Cum.Red. Samuel Props. 112 Ist. Mort. De [T. T. Finance II-32 Grd. Dob. 28 (Throgmertan USM 1-32 Pt.Chw.Red. Mestiand 71-23 Cnv. Cum. Prf. 1	b. 2016 b. 2025 1.Pref. .2:87 .005 Prf. '93 eb. 2016 18	2812 3234 10012 8ppm 1034 1007 147p 1047p 1047p 1047p 1048 1048	+ 15 ₆ + 15 + 15 + 15
	to close a couple of pence better at 612p. East Rand Consolidated dipped 2 to 62p reflecting the	RIGHT	S ()FF	ER!	5			
•	reaction in NMC 10 off at 80p. Australian mines took a back	ire			1091	5.65	Ì	.	i

RIGHTS OFFERS

lasua	dn p	Latest Renunc.	198	5/6	Stock	Closing	j + or
price	S a	date	High	Low		<u> 5 a</u>	
R 10 61s 207 207 330 265 70 94 215 115 140	NII NII F.P. NII NII F.P. NII NII	21/3 27/3 9/4 9/4 25/3 24.5 25/4 27/3	15pm 12m 245 87pm 78pm 40pm 10pm 119 75pm 28pm 34pm 25pm	1pn 20pn 50pn 40pn 10pn 106 47pn 15pn 38pn	DAB Inva. Dares Ests. 5p. Selectron Hise. Units 1 Do. 1 High Point Services 10p. KLP 5p. Kent J.; 5p. Meggitt Hidgs. 5p. Watts (City of London) Watshams 5p. Westland	15pm 1pm 242 37pm 78pm 40pm 119 75pm 25pm 34pm 5pm	+ 18

Reneariation date usurily lest day for dealing tree of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on semings updated by leaset interim statement. H Dividend and Yield based on prospectus or other efficiel estimates for 1858. R Forecast enturalised dividend, cover and p/e ratio based on prospectus or other efficiel estimates. I indicated dividends; cover relates to provious dividend; p/e ratio based on latest saural earnings, a Forecast, or estimated samulated dividend rate, cover based on provious year's earnings. I issued by tender. I Offered holders of ordinary shares as a "rights." [III introduction. ** issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶ Issued in connection with reorganisation, merger or takeover. E Allotment price. § Units to excurite a market. £ Dealt in under Rule 535 (3). § Dealt in under Rule 535 (4) (e). If Units comprising two ordinary, one preference and one warrant, I Units comprising one New ordinary and one 6.5 per cent Cnv.Red.Prf.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (220)

BRITISK FUNDS (69). INT. BANK & OTEAS COVT. STLG. ISSUES (3). BANKS (12). BREWERS (1). BUILDINGS (7). CHEMICALE (4). STORES (4). ELECTRICALS (6). ENGINEERING (9). FOODS (4). HOTELS (1). INBUSTRIALS (32). INSURANCE (3). LAISURE (3). MOTORS (5). PAPER (5). PROPERTY (6). SHIPPING (1). TEXTILES (1). TRUSTS (45). OVERSEAS TRADERS (1). BRITISH FUNDS (69). INT. BANK 8

NEW LOWS (24)

CANADIANS (2). Guif Canada, Mostocho Expirtn., Trans Canada Pipe, SUILDINGS Expirtn., Trans Canada Pipe, BUILDII GL Access Sabellite, Internati. Amon Trant Hidgs, ELECTRICALS (2) AMS Trem Higgs, ELECTRICALS (2) Ambiguith.
Inds., Powerling Internati, POODS (1)
Maybew Foods, INSURANCE (1). Devery
Warred, PAPER (2) Chanman Inds., Peters
(Michael). OILS (5) Bryson OH & Gas., 1 1 14
25 72 83
24 101 S3
676 1,518
hererowit Energy Lyanner Petrous
North Sea & General laws. Tricontrol
11pc Cnv. Ln. '95-2005. MINES (7)
F.S. Cons. Gold. OFS Invs., Jason Minus
Samson Expirtn., Southern Ventures,
Sungel Besi. Tenlong Tin.

OPTIONS

First Last Last Deal- Deal- Declara- Settleings ings tion ment Mar 3 Mar 14 June 12 June 23 Mar 17 Apr 4 June 26 July 7 Apr 7 Apr 18 July 10 July 21 For rate indications see end of Unit Trust Service

Call options were taken out in Beecham, Lonrho, Telemetrix, Aurora, Barker and Dobson, Manders, Birmid Qualcast, Sears, Manders, Birmid Qualcast, Sears, Brengreen, Grovebell, Norfolk Capital, Martin Ford, Barrie Investment and Finance, Hartons, Wellcome, Thomas Locker "A," STC, Brooke Tool Eagineering, Arthur Lee, GUS "A," Queens Moat Houses, McCorquodale, Premier Oil, Cadbury Schweppes, "The Times" Veneer and A. and P. Appledare. A put was done in S. and W. Berksford, while C. H. Bailey were dealt in for

LONDON TRADED OPTIONS

			CALLS			PUTS		t			ALLS		. 1	PUTS	
Option		Арг.	July	Oct.	Apr.	July	Oct.	Option	1	May	Aug.	Nov.	May	Aug.	Nov.
B.P. (*520)	500 550 600	38 13 4	56 28 10	63 35 20	8 40 83	15 45 85	25 52 88	P. & O. (*506)	420 460 500	92 58 30	105 75 45	85 62	3 7 26	3 13 28	18 33
Cons. Gold (*452)	460 500 550	28 10 5	45 30 14	62 38 —	25 55 97	30 60 100	54 65 	Racal (* 194)	140 160 180 200	64 44 28 16	74 54 42 28	46 38	2 3 8 18	2 4 11 22	12 26
Courtaukis (*245)	180 200 220 240	69 50 30 19	75 51 35 25	79 60 48 31	1 3 3 11	5 7 16	3 7 11 20	R.T.Z. (*609)	500 550 600	120 77 40	150 87 55	100	25 8 25	38 16 35	25 25 47
Com. Union: (*277)	200 220	79 59	67	72	1 2	3	1 4	Vaal Roofs	650	284 ₂	27	40	57 14	68	76
	260 260 260	25 13	48 35 23	54 43 29	12 20	7 16 22	18 26	(*\$83)	70 80 90	19 101 ₂ 41 ₃	2212 14 712	231 ₂ 16 9	212 64 1210	61 <u>2</u> 83 ₄ 14	6 10 151 ₂
Cable &Wire (*667)	660 600 650	135 90 50	156 115 90	170 130 106	1 4 17	12 25	17 35	7E (*£105)	102 104 106	3 1/2 17 ₈ 6 ₁₈	234	25e	043 043 148	0 ; 14 24	1 ta 2 /5
Distilfers (*628)	500 550 600 650	140 90 42 11	152 93 50 13	95 52 20	1 1 1 5 5 7	1 12 112 10 38	3 13 38	TY (*£115)	106 108 110 112	10 d 8 m 6 d	11 9,5 76 6	74	01g	012 018 14 114 212	25
G.E.C. (*202)	160 180	45 28	54 36	60 42	2 4	3 6	1 4		1114	0.58	514	578	112	212	3.7
<u> </u>	200 220	12 5	12	28 18	10 22	14 28	17 32	Optio Seecham	1 300	Mar.	June 70	Sept. 80	Mar.	June 7	Sept
Grand Met. (*413)	330 360 390 420	93 65 37 14	108 85 60 35	90 70 50	1 2 9 25	1 8 15 30	10 20 52	(*355)	350 360 390	57 15 6	53 33 18	60 42 28	6 20 43	15 30 50	18 55 55
I.C.I. (*954)	800 850 900	157 107 57	164 117 87	170 124 97	10 18	6 15 32	1 1 3 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Boots (*234)	240 260	20 7 11 ₂	20 21 9	37 25 14	13 33	25 34	25 37
Land Sec.) (*318)	950 280 300	40 43 25	57 49 33	72 54 39	47 112 7	1 57 §	8 13	BTR (*433)	360 390 420 460	77 47 25	95 70 47 27	102 80 68 35	2 3 12 38	12 22 42	17 27 50
Marks & Sp.)	140	65	17	23	23	26	1 29	Bass (*685)	690 650 700	96 60	120 80	136 103	2 8	25	15 33
(*190)	160 180 200	35 17 6	39 23 12	49 28 17	2 8 15	10 22	12 26	Blue Circle	550 600	43 15	60 80	75 42	30 I	18 46	83 50
Shell Trans. (*710)	650 700 750	65 80 7	77 40 18	85 50 27	12 32 68	20 38 72	27 50 77	De Seers (*87,14)	550 600 650 700	125	140	900 155 125 95	8 4 15 27	11 25 37 57	15 82 47
Traffgar Hse (*327)	300 330 360	38 19 8	45 27 16	54 36 23	16 37	23 40	13 26 44	GKN (*331)	260 280 300 330	77 67 87 14	80 60 43 25	85 66 51 37	212 3 3	5 9 17	70 6 7 12
	 -	Man	I	Nov.	May	Aus	1	Olaxo	850	140	14 175	93 <u> </u> 200 j	20	31	21 34 25
Brit. Aero	420 460	May 162 110	160 185	140	2 5	Aug. 5 12	Nov.	(*975)	900 950 1000 1060	96 55 40 20	135	175 130 93 70	15 25 55 95	30 45 66	40 55 80
BAT Inde	550 250	90 45	95 58 105 (110	12 30	17 40	28 46	Hanson (*162)	150 160 165	15	21	27 81	3	7	9 15
(*356)	360 330 300	70 42 20	85 60 35	70 42	3 10 25	15 28	20 36	Jaguar (*455)	390 420 460	70 45 23	75 65 55	90 70 52	2 5	13 } 15 20	10 22 40
Barclays (*499)	420 460 500	80 52 24	95 67 45	89 55	15 27	10 92 57	25 42	Thorn EMi (*452)	360 390	97	25 114 84	33	2 1	55 5	<u></u>
	180 200 220	37 20 10	41 97 16	47 32	2 6 15	4 11 20	14	Tesco	420 460 280	40 12 62	60 85 70	85 66 80 1	2 18	20 27	10 17 35
Imperial Gr.	240 260 280	61 61 41	82 62 44	<u> </u>	1 1 2	200	=	(*835)	300 350 360	45 20 5	50 33 17	62 45 25	71 ₂ 30	10 17 36	8 15 26 43
!	300 550	24 7	28 11	35 12	5 20	7 21	11 ·23	Option	Mar	Apr.	May J	un.We	<u> </u>	-i	Jun.
(*145)	140 160 180 200	20 10 6 4	50 20 12 8	35 23 —	12 26 40 60	18 30 40 60	20 35 	Index 14 (* 1548) 14	25 125 150 105 175 82 100 65	115	145 127 110	= 2 4 10	111	15 22	111
Lonrho :	200 920 240	56 40 28	60 44 33	- - - - - -	1 lg 2 lg	21 ₀	<u> </u>	16 15	325 80 350 33 375 18	63	95 77 60 47	- 18 87 25 70 35 - 20	37 50 66	33	57 70
[260 260 280	18	35 21 13	28 16	80 32	22 35	14 25 36	March	4 Total 8,106	contra	cts 18	.985	Calle 1	1 R70	_
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9.30 9.56 9.57 18.46 9.92 9.68 10.56 10.68 9.77 9.51 16.78 10.31 11.95 11.22 19.66 11.65 11.65 9.75 9.75 18.65 18.13 9.88 18.77 10.29 9.65 2 5-15 years ... 136.50 +1.23 134.85 2.16 144.07 | +1.74 | 141.60 3 Over 15 years.. 158.29 +1.42 | 156.06 5 Ali stocks 133.63 | +1.03 | 132.27 2.10 Index-Linked 11 Index-Linked 11 Index-Linked 12 Index'n rate 5% Syrs... 0.71 13 Index'n rate 10% Syrs... 14 Index'n rate 10% Over 5 yrs... 14 Index'n rate 10% Over 5 yrs... Index-Linked 4.49 3.75 3.44 3.59 4.39 3.72 3.35 3.56 9,9 6.0 6.0 0.0 6 | 5 wears... 193.77 +0.25 |103.48 7 Over 5 years., 110.12 +0.46 109.67 All stocks, 109.92 +0.43 | 109.45 | 11.28 13.30 9 Debectores & Leass . 115.69 +0.53 114.82

4 Operains index 1530.0; 10 am 1531.6; 11 am 1538.2; Noon 1544.5; 1 pm 1547.4; 2 pm 1547.1; 3 pm 1547.5; 3.30 pm 1548.0; 4 pm 1548.2.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituent is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 48Y, price 15p, by post 28p.

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WORLD STOCK MARKETS

٠.				WOI	KLD STO	CA MAN
	AUSTRIA	I GERMANY	. NORWAY	AUSTRALIA (continued)	- (ABAN (servicus))	
•	Mor. 4 Price + or	Mar. 4 Price + o	(Price (+ or	Price + or	JAPAN (continued) Price + or Mar. 4 Yen -	CANADA
	Oredit nat it pp. 2,290	AEQ 318.5 +5	Bergens Sank 165 -1 Bergens d 189 -1	Gen. Prop. Trust 2 28 -0.62 Hardie (James) 5.4 +0.66	MH1 387 -4 Mitsui Bank 999 ! -1	
	Gosser 5500 -75 Interinfall 18,800 -60 Junabouzister 19,000 +80 Leanderback 2,100	BASF	Christiania Bank 166 *	Hartogen Energy 1.68	Mitsul Estate 1,110 : -10 Mitsul Toster 230 ; -2	Sales Stock High Low
٠.	Perintrolet man 152 - 5	Beyer-Verein 536,5 +32	Kosmos	Jimberiana F.P., 0,22 +0,81 Kia Ora Gold 0,18 +0,81	Mitsukoshi	TORONTO Prices at 2.30pm
	Asizabet Wed p'920 90	BHF-Bank	Norsk Data 428 -7 Norsk Hydro 127	Kidston Gold 5.5 -0.3 Lend Lease 7.26 MIM	Nippon Denso 1,200	March 4 49701 AMCA Int \$17 162
	BELGIUM/LUXEMBOURG	Commerzbank 503 +11		Mayna Nickless 3.8	Nippon Cakki, 1,450 +40	700 Aberlord 551 51, 1301 Abilibi Pr \$25 241,
	Mar. 4 Fra	Doguesa 463 +18	SPAIN Price + or	Nicholas Kiwi 3,05	Nippen Kekan 133 -2 Nippen Oil 879 +14 Nippen Selko 466 -2	3950 Agaico E \$241 ₈ 24 21443 Albrita En \$111 ₂ 111 ₈ 50100 Albrita N \$147 ₈ 145 ₈
•	Beng, Gab. Lint. 11,000 Sang, Int. Lint. 11,000 Bekaert 8,510 Giment CSR 4,050 + 30	- D'sche Babcock 201 +1 Deutsche Bank 799 +68 Dresdner Bank 527,5xr +22	Mar. 4 Pts % -	North Bkn Hill, 2.280,92 Oakbridge 1,03	Nippon Shimpan 1,010 : —20 Nippon Steel 167	40123 Alcan \$46 45% 3768 Algoma St \$17 163, 12700 Asamera \$33, 95,
	Giment CBR 4,050 + 30 Cocteriti	Henkel 295 -4	800 Central \$50 +10	Pancontinental . 1,98	Nippen Yusen 316 +1 Nissen Motor 553 -1	54100 Atco I 1 53'8 9 1100 Atco II 99 9
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AUSTRIA Credit Aitken (2/1/62)	110.70	111,89	112,29	115,21	 120.62(15/1/88)	56,21 (24/1/8
BELGIUM Srussels SE (1/1/88)	8606,57	5289.52	6267,19	3221,2 5	 E806_57(4/5/66	2090_7(18/1/8
DENMARK Copenhagen SE (3/1/65)	(w)	254,81	283,69	252,00	257,76 (2/1/88)	358.44 (B/1/8
FRANCE CAC General (3:1:80) Ind Tendanos (\$1/12:85)	(u) 114,8	865,0 115,3	312.8 110.5	818,6 119,7	824.7 (24/2/86) 125,5 (24/2/86)	 180_9 (5/1/65 190_9(51/12/8
GERMANY FAZ Aktien (51/12 58) . Commerzbunk (1/12/55)	667.28 1967,5	858,56 1921,4	656.26 1915.7		718,78(16) 1/86 2161,8(15) 1/88	
HONG KONG Hang Seng Bank (51 7/84)	1895.77	1885,88	1895,30	1720.51	1828,84 (8:1/14	1220.74(2:1/6
ITALY Banca Comm Ital. (1972)	565,01	57 1,11	667,86	562.94	571.11 (å/å/86)	228,58 (2/1/8
IAPAN ⁵⁰ Nikkei (16/5/49) Tokyo SE New (4/1/68)	18784.3 1000.24	18757,6 1099,69	15640,85 1990,70	13642, 7 1688,87	 15784_5(4;5;86) 1099_68(5;5;96)	11545,2(6/1/8 118,88 (4/1/8
NETHERLANDS ANP.CBS General (1978) ANP.CBS Indust (1978)	245,2 238.0	240.4 234.0	242.1 255.1	242.6 285.1	267,0 (8/1/86) 256,3(17/1/85)	
NORWAY Oslo SE (4/1/65)	551.2 1	\$57.76	562,05	858.40	412,88 (12/11)	200,76 (2/1/66
SINGAPORE Straits Times (50/12/66)	B26_22	824,57	625.27	626.55	852,46 (7/8/ 9 5)	583,41(25/1/86
SOUTH AFRICA JSE Gold (28/9/75) JSE Indust (28/8/75)	= 1	1285,8 1148,5	1197.0 1186.6	1196,2 1155,2	1807,9(27:1/85) 1164,7(28/2/86)	829.5 (5/8) 787,1 (7/5/86
SPAIN Madrid SE (80/12/85)	157,27	125,84	129.52	124,25	187,27 (4/8/88)	100_0(30/12/85
SWEDEN Jacobson & P (51/12/56)	1987,22	1851,88	1658,68	1697,52	1907_25(U 1/86)	1265,52 (8/7)
SWITZERLAND Swiss BankCpn(51/12/58)	584,4	557,8	554,7	556,4	025 ,5 (8/1/80)	888,7 (5/1/65
WORLD M.S. Capital Intl. (1/1/76)		261,4	292.0	2,23,5	285,5 (28/2/88)	184,8 (4/1/85

** Saturday Merch 1: Japan Nikkel 13,727.86. TSE 1,085.45.

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NEW YORK PRICES

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Continued on Page 43

12 March 16
Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been peld, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s), b-annual rate of dividend plus stock dividend, c-liquidating dividend, cid-called d-new yearly low, a-dividend declared or pald in preceding 12 months, g-dividend in Caracter funds, subject to 15% non-residence tax. I-dividend declared after split-up or stock dividend. I-dividend paid this year, ornitted, deferred, or no action taken at latest dividend meeting 4-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading, nd-next day delivery. P/E-price-endings rato, I-dividend declared or paid in preceding 12 months, plus stock dividend. 3-stock split. Dividends begins with date of split. Sissues I-dividend paid in stock in preceding 12 months, estimated each value on ex-dividend or ex-distribution date. United assumed by such companies, wd-distributed, wi-when issued, ww-with warrants. x-ex-dividend or ex-distributed. wi-when issued, ww-with warrants. x-ex-dividend or ex-distributed. wi-when issued, ww-with warrants. x-ex-dividend or ex-distributed.

WALL STREET

Bond appeal proves irresistible

THE LURE of 8 per cent yields in the federal bond market finally proved irresistible on Wall Street yesterday, drawing the stock market strongly upwards again, writes Terry Byland in New

The Dow 1,700 barrier was quickly breached once more as sharp gains in General Motors and IBM led the market

At 3pm the Dow Jones industrial aver age was up 10.71 at 1,707.38.

The bond market continued to surge upwards, as hopes of an early cut in the federal discount rate were fed by an unexpectedly large dip in the Commerce Department's index of leading economic indicators. New York continued to expect Japan and West Germany to lead the way to lower rates.

Yields on long-dated bonds jousted with the 8 per cent level as US companies continued to cut their posted prices for crude oil. But there was also a sharp fall in short-term rates, featured by a 10 basis point fall to 6.80 per cent on the three-month Treasury bill. In the stock market, trading was heavy, and some dealers continued to look for a correction. However, the strength of bonds soon overwhelmed the stock market,

800i

NEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

Nikkei

Tokyo SE

AUSTRALIA

Metals & Mine

All Ord.

AUSTRIA

BELGIUM

CANADA

Portfolio

DENMARK

FRANCE

CAC Gen

Ind. Tendance

FAZ-Aktien

HONG KONG

ITALY

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE Industria

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'I

Silver (spot fixing)

Oil (spot Arabian Light)

Copper (cash)

Coffee (Mar)

SWEDEN

J&P

(London)

London

Zürich

Paris (fixing)

Luxembourg

New York (April)

SPAIN

Commerzbank

Belgian SE

Toronto Metals & Minis

FT-A All-share

FT Gold mines

FT-A Long gilt

DJ Transport

S&P Composite 227.14°

LEKEY MARKET MONITORS

1984

1,289.53

630.2

148.03

182.06

1,265.7

614.79

672,02

476.2

990.39

480.9

1983

1,696.67

789.62

184.29

225,42

1,545.2

747.39

822.51

3427

13,784,29 13,757,63 12,509,0

1,053.3

513.0

111.39

3.306.57 3.289.32 2.270.12

2,266.8° 2,241.3 2,105.0 2,885.1° 2,866.5 2,628.5

1,470.65* 1,457.09 131.71

n/a 234.31 177.36

204.6

110.5

279.72

161.4

850.35

197.8

393.20p

n/a

€982.50

Prev \$336.00

\$336.50

\$342.17

\$340.00

\$340.50

€2,450.00

357.76 321.66

303.0

113.3

636.55

1,695.77 1,685.06 1,399.46

571.11

234.0

624.57

1,148.5

137.27 135.04 113.3

1.887.22 1.851.68 1.445.34

Prev

282.6

384.45p

n/a

\$337.25

S337.25

\$343.55

\$337.30

\$346.00

€970.00

£2,522.50

COMMODITIES

GOLD (per ounce)

1.921.4 1.207.3

1.099.24 1.099.6

9.98

STOCK MARKET INDICES

1.707.38*

794.90°

1,548.9

752,48

827.82

337.5

510.6

110.70

114.9

1,967.5

565.01

238.0

185.11*

1985

Lire

FT-Actuaries

All-Share Index

where gains exceeded declines by two to

General Motor's plans to buy back nearly \$2bn of its various types of issued stock brought gains in all three shares concerned. At \$80 the basic GM common stock gained \$2% in heavy trade. The GM class H stock, issued in the purchase of Hughes Aircraft, bounded \$4% to \$42% as the motor group planned to buy in 21.5m H shares – GM has prom-ised that the H stock will be worth \$60 by 1989. The GM E shares, of which 8.5m are to be bought in, jumped \$1% to \$42%. But other motor stocks began to falter as the latest sales figures arrived from the industry.

Also boosting the Dow average was IBM, \$1% up at \$152%, drawing Burroughs up \$1% to \$67% and Digital Equipment \$1% higher to \$166 in its

Eastman Kodak, another Dow component, gained \$% to \$56 in heavy trading after signing a deal with Adplates of the UK to make and sell previewing sys-

Steel stocks moved higher as US Steel, up 5% at \$23%, increased its prices. Inland Steel jumped \$1% to \$27%. Once again, the NYSE actives list was headed by Western Air, up \$% at \$11% on continued takeover speculation. East-

ern Air Lines, at \$8%, gave up \$% as the market awaited a more definite move from Texas Air. Other airline stocks had a calmer session. BankAmerica sagged \$1/2 to \$15% in

brisk turnover as the board lined up behind Mr Sam Armacost after Mr Sanford Weill's offer to replace him. The renewed plunge in short-term rates boosted other banks, notably Chase Manhat-

2.2195

179.55

6.8325

1.8775

2.509

1.510.0

45.5

1.424

INTEREST RATES

US BONDS

101%

105%z

147.10

140.24

132.33

142.37

171.59

Price

101%

106

104%

FINANCIAL FUTURES

March 4° Yice Yield

2.199

178.95

6.7675

1.871

2,485

1,497.5

45.15

1.4235

3-month US\$

6-month US\$

(3-month offered rate)

(offered rate)

1993

1996

Source: Merrill Lynch

8%

8%

9%

1–30

1-10

Corporate

10% June 1990

3% July 1990

8% May 2000

10% Mar 1993

10% May 1993

10% May 2013

11.80 Feb 2013

121/2 Dec 2012

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

" Latest available figures

Three-mo

Mar

Mar

Certificates of Deposit (IMM)

Abbot Lab

Diamond Shamrock

Federated Dept Stores

3.2175

262.0

9.905

3.635

2.08

12¼ 3¾ 4¾

7% 7% 7% 7.30° 6.82°

7.328 100°7/2

7.757 10415

7.848 1061/2

7.79

7.64

7.45

7.70

Price

101%

106

112% 10.40

114 10.65 114 10.65

97-04 97-22 97-02 96-02

93.22 93.26 93.16 93.14

92.72 92.78 92.65 92.59

92.41 92.41 92.30 92.27

116-12 117-00 115-28 114-27

8.029

Day's change

+0.9

+0.56

+0.31

+0.54

+2.04

10.00

2.191.5 2.177.5

2.7375

3.2

259.0

9.8525

2.7075

2.052

12% 3% 4% 14%

7% 7% 7% 7.45 6.955

7.534

7.903

Day's

-0.13

-0.13

-0.13

-0.11

-0.12

10.00

7.25

3.6175

-11600

tan, up \$1% at \$44%, and Citicorp, up \$1% to \$51%. The Federal National Mortgage Association (Fannie Mae) firmed \$1% to \$33%, also responding to lower interest

American Express - mooted as a bid target for General Motors, which has denied such plans - jumped \$1% to \$67%

Despite the plunge in oil prices, the major oil stocks traded on the NYSE with only minor falls while second line oil stocks helped to boost the American Stock Exchange. Also active on the Amex was Key Pharmaceuticals, up 5% at \$15%, with more than 1m shares changing hands on the proposed \$612m acquisition by Schering-Plough. Wickes Companies, up \$% at \$5%, had another active day as investors took an optimistic view of prospects for the newly shaped group.

In the credit markets the fall in shortterm rates reversed the pattern of recent sessions and reflected strengthening hopes of a cut in the federal discount rate from its present level of 7.50 per cent, more than 70 basis points above three-month treasury bills.

The firmness at the short end rubbed off on to near-dated federal bonds. At the long end the 8 per cent level remained unbroken at mid-session, but dealers reported further demand for US bonds from Japan

TOKYO

Persistent caution at peak levels

BUYING of speculative and blue-chip stocks drove the Nikkei stock average to a new peak for the third consecutive day in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The market indicator added 26.66 to 13,784.29. But volume contracted from 547m to 535m shares, reflecting growing concern over high prices and prospects for tighter restrictions on margin trad-ing. Declines led advances by 449 to 407, with 116 issues unchanged.

Encouraged by falling interest rates and higher equity prices abroad, investors were optimistic. The Nikkei average has jumped 733 points in the past month, causing anxiety over the market

Some investors began to worry about stronger controls on margin transactions, as the Tokyo Stock Exchange announced yesterday that the margin debts had reached Y2,849.3bn on March 1, up Y271.4bn from six weeks ago.

The rise in electricity and gas utilities slackened. Tokyo Gas remained the most active stock with 24.13m shares changing hands. But it gained only Y1 to Y355 on profit-taking tric Power climbed Y20 to Y3,160. Other large capital stocks weakened, with Mitsubishi Heavy Industries shedding Y4 to

Nichiro Gyogyo firmed Y13 to Y245, with the second biggest volume of 21.82m shares. Nitto Boseki, a textile firm with large off-the-book assets, climbed Y57 to Y542 on investor interest in its urban development projects and came third on the active list with 19.62m shares. Achilles surged Y23 to Y350 on heavy speculative buying.

Some blue-chip stocks firmed due to early foreign buying. Matsushita Electric Industrial moved up Y20 to Y1,210, Hitachi Y11 to Y734, TDK Y90 to Y3,850 and Asahi Optical Y25 to Y504. However, volume of these issues remained small with Matsushita's turnover standing at only 2.78m shares.

Biotechnology-related pharmaceuticals, buoyant on Monday, eased. Kyowa Hakko slipped Y10 to Y1,100 due to profit-taking, and Mitsubishi Chemical Industries Y11 to Y560.

Dealers increased trading on the bond market, encouraged by an overnight plunge in short and long-term US interest rates.

The yield on the barometer 6.8 per cent government bond due in December 1994 dropped from 5.295 per cent to an all-time low of 5.240 per cent. However, profit-taking sales accelerated rapidly highlighting concern about the fast fall

A leading securities company sold Y200bn of June bond future contracts.

CANADA

OILS were one of the few dull spots in a buoyant Toronto.

Massey-Ferguson added 20 cents to C\$3.15 after revealing details of its restructuring plans which it claims will greatly improve its profitability. Royal Bank of Canada added C\$1/4 to

C\$28 in active trading after slightly higher first-quarter profits. Golds derived strength from the steady bullion price, and Lac Minerals

jumped C\$1% to C\$39. Sharply higher industrials led the advance in Montreal.

SOUTH AFRICA

A LETHARGIC bullion market turned Johannesburg gold shares lower while news of a partial lifting of the state of emergency in South Africa had virtually no impact on share prices.

Vaal Reefs lost all of the gains of the previous session with its R4 fall to R225, and Lorraine dipped 60 cents to R13. Mining financial, platinum and dia-

mond stocks also eased as Anglo American Corp shed 75 cents to R41.75, Impala 50 cents to R27 and De Beers 55 cents to

A mixed industrial sector took Barlow Rand 20 cents down to R15.30.

FINANCIAL TIMES

WORLD STOCK MARKETS

Rate hopes rekindle buying spree

THE EXPECTED move to lower interest rates rekindled fires in Europe yester-

Frankfurt responded enthusiastically to these hopes and ended sharply higher after a busy session. The Commerzbank index shot up 46.1 points to 1,967.5.

There is a growing feeling among economists in West Germany that the Bundesbank will cut the discount rate tomorrow by about half a percentage point. Some believe that West Germany is under pressure from the US to move first as this would then allow the Federal Reserve Board to cut its discount rate without causing a dramatic fall in the

Banks reacted strongly, snapped up by foreign buyers. Deutsche soared DM 50.50 to DM 799, Bayerische Vereinsbank DM 32.50 to DM 536.50, Dresdner DM 22 to DM 397.50 ex-rights and Commerzbank DM 11.50 to DM 303.

Motor issues gained from hopes that the rate cut would support the dollar and thus aid the earnings of big exporters. Daimler-Benz, which firmed DM 11 in the previoussession, put on another DM 47 to DM 1,242, Porsche jumped DM 30 to DM 1,250, BMW added DM 13 to DM 510 and VW was DM 10.20 higher at DM 529.50.

Chemicals continued to benefit from lower oil prices. Hoechst was DM 14.50 higher at DM 324, and Bayer added DM 12.80 to DM 331.80.

Siemens, which denied it was considering a counter offer for White Consolidated, the US domestic appliance manufacturer which Electrolux bid for on Monday, gained DM 22 to DM 728.

Bonds were firmer after the higher close in US credit markets. Shorts gained around 40 basis points while longs added about 25.

The Bundesbank sold DM 52m worth of paper Trading in Amsterdam was hectic,

pushing turnover to a record Fl 2.23bn against the previous high of Fl 1.88bn on January 8. Bankers expect the Dutch central

bank to follow any rate moves made by West Germany On news of an increased dividend

despite unchanged earnings – Unilever shot up Fl 13 before settling back to end Fl 4.80 up at Fl 352.50.

Turnover in the bond market was also at a record as issues registered sharp

Brussels climbed to another second peak as chemicals and holding companies continued their strong performance.

Société Générale de Belgique rose BFr 80 to BFr 2,560, Gevaert BFr 250 to BFr 6,600, UCB BFr 210 to BFr 6,930 and Solvay, the largest chemical group, BFr 40 to BFr 8,070.

Stockholm rallied after the previous day's sombre mood.

Electrolux was actively sought after its bid for the US appliance maker and gained SKr 9 to SKr 255. Fermenta remained suspended al-

though the company expects to trade

again tomorrow, and Pharmacia firmed SKr 5 to SKr 212 after announcing an increase in group profits for 1985. After five consecutive losses, Paris resumed its upward trend, infected by the more buoyant mood fostered by rate

L'Oréal jumped FFr 167 to FFr 3,017 a gain of around 5.7 per cent - while Thomson CSF rose FFr 72 to FFr 918

and Matra FFr 111 to FFr 1,761. Optimism continued to fuel the spectacular rally in Madrid, and the bourse index was pushed to a new peak of

137.27, 2.23 points higher. Forecasts of strong results kept Zurich higher. Swiss Bank firmed SFr 11 to SFr 546 ahead of today's profits figures while Brown Boveri bearer fell against the trend - SFr 70 off at SFr

dend. Profit-taking pushed Milan lower after a recent string of highs. Some industrials and insurers were hit.

1,695 - on the decision not to pay a divi-

Fiat lost L245 to L9.635, bringing it off a year-high recorded in the previous ses-

SINGAPORE

LARGE block trading in United Over-seas Land dominated an otherwise list-less Singapore as the Straits Times industrial index firmed 1.66 to 626.23.

Total session volume amounted to 20.2m shares, with 12.75m UOL shares changing hands after the 7.25m traded on Monday

United Industrial Corporation has been indentified as the buyer of the 20m UOL shares - 11.9 per cent of the company's capital - primarily on the attraction of the property company's 25.9 per cent stake in United Overseas Bank. The blocks changed hands at 90 cents.

LONDON

INSTITUTIONAL buyers re-opened for business in London yesterday after a respite of two sessions. Leading indices overcame an opening softness only to race ahead to near peak levels. The FT Ordinary closed 14.8 higher at 1,281.3 (compared with its February record of 1,281.5) while the FT-SE 100 surged 14

points up to 1,548.9. Government securities refused to be upstaged, and longer-dated issues added two full points. The strength of world bond markets was partly responsible, but the main boost was a change in the direction of the exchange rate. Sterling bounded higher against the dollar and scored an impressive recovery against leading European currencies. Expectations that the Bundesbank would cut its rates also galvanised sentiment. Among the most active equities were

NatWest, 25p higher at 733p, ICI, 36p up at 960p, Fisons, 8p stronger at 528p, and newcomer Wellcome, 8p ahead at 181p. Chief prices changes, Page 43; Details, Page 42; Share information

service, Pages 40-41

HONG KONG

CONCERTED efforts by bargain hunters drove Hong Kong higher and pushed the Hang Seng index 10.71 up to

Further caution among European fund managers produced the bargains, with domestic investors and some localinstitutions providing much of the buy-

Properties returned to the foreground again, with Hongkong Land picking up 5 cents to HK\$6.30 ahead of tomorrow's results and Hongkong & Kowloon Wharf 10 cents stronger at HK\$6.80.

Utilities were slightly mixed. China Light was 10 cents up at HK\$15.80, but Hongkong Electric was unchanged at

AUSTRALIA

MORE favourable domestic economic news encouraged Sydney higher with a 5.0 point advance in the All-Ordinaries index to 1,058.3. Gains by BHP and other industrials underpinned the advance.

BHP opened strongly but finished only 10 cents higher at A\$6.60 as the prospects of government intervention in the Bell Resources bid for the group receded. Bell added 15 cents to A\$4.55 girch while the parent Bell Group rose 18 cents to A\$6.34

Among mixed mines CRA shed 8 cents to A\$5.82 amid results, and North Broken Hill dipped 2 cents to A\$2.28.

泽 : ::

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20 csi cts

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If you neither use it nor sell it, it simply ceases to be valid after the expiry date.

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total cost is a small single premium, without any transaction or brokerage costs for buying or reselling. And they are negotiable, which means you can resell them if no longer needed.

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The premiums vary daily since they are based on prevailing exchange rates in relation to the guaranteed certificate rate. For example, at the time of going to press, the cost of a Sterling PUT BERO (you buy DM) was around £200. Conversely a Sterling CALL BERO (you sell DM) would have cost around £100. There is no other charge.

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For further technical information contact the Currency Option Desk, Head Office Foreign Exchange and Money Market Centre, 29 Gracechurch Street, London ÉC3V OBE, Telephone 01-283 0909. Reuters pages BBOR, BERO and BEDM.

